ELECTRONIC TRANSMISSION DISCLAIMER

IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached rights offer circular (the "Circular") and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Circular. In accessing this electronic transmission and the attached Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that the delivery of this electronic transmission and the attached Circular is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the attached Circular to any other person.

The securities referred to in this electronic transmission and the attached Circular (the "Securities") may only be distributed (i) outside the United States in reliance on Regulation S under the US Securities Act of 1933 (the "US Securities Act") and (ii) within the United States to qualified institutional buyers ("QIBs") as defined in Rule 144A under the US Securities Act ("Rule 144A"). Any forwarding, distribution or reproduction of this electronic transmission or the attached Circular in whole or in part is unauthorised. Failure to comply with this notice may result in a violation of the US Securities Act or the applicable laws of other jurisdictions. Nothing in this electronic transmission and the attached Circular constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.

The Securities have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except (i) to a person that the holder and any person acting on its behalf reasonably believes is a QIB as defined in Rule 144A, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, or (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act, in each case in accordance with any applicable securities laws of any state or jurisdiction of the United States. Investors who are located in the United States will be required to execute and deliver an Investor Letter set forth in Appendix A to the attached Circular prior to taking up or transferring rights in the Rights Offer (as defined below) or acquiring rights offer shares in the Rights Offer.

The Securities have also not been and will not be registered under the securities laws of Australia, Canada or Japan and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption.

This electronic transmission, the attached Circular and the rights offer to PPC Shareholders (the "Rights Offer") are only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(I)(e) of Directive 2003/71/EC (and amendments thereto including Directive 2010/73/EU) ("Qualified Investors"). In addition, in the United Kingdom, this electronic transmission and the attached Circular are being distributed only to, and are directed only at, investment professionals who are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or who are high net worth entities falling within Articles 49(2)(a) to (d) of the Order, and other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This electronic transmission and the attached Circular must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and the attached Circular relates is available only to relevant persons in the United Kingdom and Qualified Investors in any member state of the European Economic Area other than the United Kingdom, and will be engaged in only with such persons. The information in this electronic transmission and the attached Circular is not intended to be viewed by or distributed or passed on (directly or indirectly) to, and should not be acted upon by any other class of persons.

Confirmation of Your Representation:

This electronic transmission and the attached Circular are delivered to you on the basis that you are deemed to have represented to PPC Ltd (the "Company"); each of The Standard Bank of South Africa Limited, Absa Bank Limited, Nedbank Limited and Rand Merchant Bank, a division of FirstRand Bank Limited in their capacities as global coordinator, transaction sponsor, JSE sponsor, bookrunner and/or underwriter, as applicable (the "Underwriters") that: (i) you are a QIB acquiring such Securities for your own account or for the account of another QIB; (ii) you are acquiring such Securities in offshore transactions in compliance with Regulation S under the US Securities Act; (iii) if you are in the United Kingdom, you are a relevant person, and/or a relevant person who is acting on behalf of relevant persons, in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom or the European Economic Area; (iv) if you are in any member state of the European Economic Area other than the United Kingdom, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors or relevant persons, to the extent you are acting on behalf of persons or entities in the European Economic Area or the United Kingdom; (v) you are an institutional investor that is eligible to receive this electronic transmission and the attached Circular; (vi) you are not a resident of, or located in, Canada (except for the provinces of Ontario and Quebec) or Japan; and (vii) you consent to delivery by electronic transmission.

These materials are not for distribution, directly or indirectly, in or into the United States (including its territories and dependencies, any state or jurisdiction of the United States and the District of Columbia), Australia, Canada or Japan. There will be no public offer of securities in the United States, Canada, Australia, or Japan.

You are reminded that you have received this electronic transmission and the attached Circular on the basis that you are a person into whose possession this electronic transmission and the attached Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this electronic transmission or the attached Circular, electronically or otherwise, to any other person.

The Underwriters are acting exclusively for the Company and no one else in connection with the rights offer. They will not regard any other person (whether or not a recipient of this Circular) as their respective client in relation to the rights offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the rights offer or any transaction or arrangement referred to herein. No representation or warranty, express or implied, is made by the Underwriters as to the accuracy, completeness or verification of the information set forth in this Circular, and nothing contained in this Circular is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Underwriters assume no responsibility for its accuracy, completeness or verification and, accordingly, disclaim, to the fullest extent permitted by applicable law, any and all liability which they might otherwise be found to have in respect of this Circular or any such statement.

This Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Underwriters, any person who controls any of the Underwriters or the Company, any director, officer, employee or agent of any of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Circular distributed to you in electronic format and the hard copy version of the Circular. If verification is required, please request a hard copy of the Circular.

PPC Ltd
(Incorporated in the Republic of South Africa)
Registration number 1892/000667/06
JSE share code: PPC
ZSE alpha code: PPC
ISIN: ZAE000170049
("**PPC**" or the "**Company**")

160.06486 FOR 100 RIGHTS OFFER OF 1,000,000,000 NEW PPC ORDINARY SHARES AT R4.00 PER NEW PPC ORDINARY SHARE

This Circular is important and requires your immediate attention.

The "Definitions and Interpretations" commencing on page 168 of this Circular apply throughout this Circular, including this cover page.

The Letters of Allocation to which Qualifying Certificated Shareholders are entitled have been created and can only be traded in electronic form. The electronic record for Qualifying Certificated Shareholders is being maintained by Computershare Investor Services Proprietary Limited and Corpserve Transfer Securities (Pvt) Ltd (the "Transfer Secretaries"), which has made it possible for Qualifying Certificated Shareholders to enjoy the same rights and opportunities as Qualifying Dematerialised Shareholders in respect of the Letters of Allocation. Qualifying Dematerialised Shareholders will have their Letters of Allocation credited to their accounts at their Central Securities Depository Participant ("CSDP") or any person registered as a broking member (equities) in terms of the Rules of the JSE Limited (the "JSE") made in accordance with the provisions of the Financial Markets Act or a member of the ZSE licensed by the Securities and Exchange Commission of Zimbabwe as a securities dealer ("Broker"). The rights that are represented by the Letters of Allocation are negotiable and may be traded on the exchange operated by the JSE under Share Code PPCN and ISIN ZAE000222527 and on the exchange operated by the ZSE under alpha code PPCN and ISIN ZAE000222527. If a Qualifying Certificated Shareholder wishes to dispose of all or part of his or her rights under the Letters of Allocation, the relevant Form of Instruction enclosed in this Circular must be completed and returned, in the case of South African Qualifying Shareholders, to Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001, South Africa, and in the case of Zimbabwean Qualifying Shareholders, to Corpserve Transfer Secretaries (Pvt) Ltd, 2nd Floor, ZB Centre, Corner First Street Kwame Nkrumah Ave, Harare Zimbabwe, in each case in accordance with the instructions contained therein.

Qualifying Shareholders are also referred to page 49 of this Circular, which sets out the detailed actions required of them with regard to the Rights Offer. If you are in any doubt as to the action that you should take, please consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately.

This Circular to Qualifying Shareholders relates to:

A renounceable Rights Offer to Qualifying Shareholders in PPC's shareholder register (the "Register") at the close of business (SAST) on Friday, 2 September 2016. Qualifying Shareholders who hold no par value ordinary shares of PPC ("PPC Ordinary Shares") on the Record Date will receive 160.06486 Rights for every 100 PPC Ordinary Shares held. Each Right entitles the holder to subscribe for one new PPC Ordinary Share at the subscription price of R4.00 ("Rights Offer Share Price") per new PPC Ordinary Share (each a "Rights Offer Share").

This Circular includes a Form of Instruction in respect of a Letter of Allocation (to be completed by Qualifying Certificated Shareholders only; Qualifying Dematerialised Shareholders should refer to "7 Circular to Qualifying Shareholders – 7.3 Particulars of the Rights Offer" on page 50 of this Circular for instructions on how to participate in the Rights Offer).

PPC has entered into an Underwriting Agreement with The Standard Bank of South Africa Limited ("Standard Bank"), Absa Bank Limited ("Absa Bank"), Nedbank Limited ("Nedbank") and Rand Merchant Bank, a division of FirstRand Bank Limited ("RMB" and, together with Standard Bank, Absa Bank and Nedbank, the "Underwriters"), pursuant to which the Underwriters have severally agreed, subject to customary conditions and termination rights up until the date of settlement of the Rights Offer, to underwrite the Rights Offer Shares being offered by PPC for which Rights under the Letters of Allocation are not exercised. See "*Underwriting Arrangements*" commencing on page 142 of this Circular. In the event that there are unsubscribed Rights Offer Shares that the Underwriters are required to subscribe for (the "Rump Shares"), such Rump Shares may be offered by the Underwriters in an international private placement to institutional investors, or, failing which, will be subscribed for by the Underwriters themselves.

You are advised to examine all the risks and legal requirements that might be relevant in connection with acquiring the Letter of Allocation or an investment in the Rights Offer Shares. Investing in the Letters of Allocation or the Rights Offer Shares involves risk. See "Risk Factors" commencing on page 31 of this Circular for a discussion of selected risk factors you should carefully consider before investing in the Letters of Allocation or the Rights Offer Shares.

Subject to the restrictions set out below, if you have disposed of all your PPC Ordinary Shares, then this Circular (including the Form of Instruction) should be handed to the purchaser of such shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected. Neither this Circular nor any Letter of Allocation should be distributed in, forwarded to or transmitted in or into or from the United States, or in, into or from Australia, Canada or Japan (the "Restricted Territories"); or any other jurisdiction where to do so might constitute a violation of local securities laws or regulations (except in the absolute discretion of PPC pursuant to any exemption from such laws or regulations).

This Circular is issued in compliance with the Listings Requirements for the purpose of providing information to the investing public in South Africa with regard to PPC and is not an invitation to the public to subscribe for shares in the Company.

PPC does not accept responsibility, and will not be held liable, for any failure on the part of the CSDP or Broker of a Qualifying Dematerialised Shareholder to notify such shareholder of the details of this Circular.

The Rights Offer Shares will be listed and admitted to trading on the exchange operated by the JSE under the trading symbol "PPC" and on the exchange operated by the ZSE under the trading symbol "PPC". The Issuer Regulation Division of the JSE has approved the listing of the Letters of Allocation in respect of all of the Rights Offer Shares with effect from the commencement of trade on Wednesday, 31 August 2016 (SAST) to the close of trade on Tuesday, 13 September 2016 (SAST), both days inclusive, and all of the Rights Offer Shares with effect from the commencement of trade on Wednesday, 14 September 2016 (SAST).

Rights Offer opens at 09:00 (SAST) on	Monday, 5 September 2016
Rights Offer closes at 12:00 (SAST) on	Friday, 16 September 2016

The PPC directors (the "Directors"), whose names are given on pages 144 to 150 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

The Letters of Allocation and the Rights Offer Shares have not been and will not be registered under the US Securities Act of 1933 (the "US Securities Act"), or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Letters of Allocation and the Rights Offer Shares in the United States.

The Letters of Allocation and the Rights Offer Shares are being offered and sold in offshore transactions in compliance with Regulation S under the US Securities Act ("Regulation S") and within the United States only to qualified institutional buyers ("QIBs") as defined in Rule 144A of the US Securities Act ("Rule 144A") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Investors who are located in the United States will be required to execute and deliver an Investor Letter set forth in Appendix A to this Circular prior to taking up or transferring Rights in the Rights Offer or acquiring Rights Offer Shares in the Rights Offer. Purchasers are hereby notified that sellers of the Rights Offer Shares may be relying on the exemption from Section 5 of the US Securities Act provided by Rule 144A.

The Letters of Allocation and the Rights Offer Shares will also not be registered under the securities laws of any of the Restricted Territories and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption. In particular, subject to certain exceptions, this Circular, the Letters of Allocation and any other such documents should not be distributed in, forwarded to or transmitted in or into the United States or the Restricted Territories.

This Circular is available in English only. Copies of this Circular may be obtained from the registered office of the Company, and the offices of the Joint Transaction Sponsors and the Transfer Secretaries at the addresses set out in "Corporate Information and Advisers" from Monday, 5 September 2016 to Friday, 16 September 2016, both days inclusive. This Circular will also be available in electronic form from the Company's website (www.ppc.co.za) from Thursday, 1 September 2016. Save as expressly stated elsewhere in this Circular, Information contained on the Company's website is not incorporated by reference in this Circular and does not form a part of this Circular. A copy of this Circular, together with the *Form of Instruction*, was filed with the Companies and Intellectual Property Commission (the "Commission") for record purposes on or about Friday, 2 September 2016.

Sole Global Coordinator, Joint Transaction Sponsor, Joint Bookrunner and Underwriter	**Joint Bookrunner and Underwriter**	**Joint Transaction Sponsor, Joint Bookrunner and Underwriter**	**Joint Bookrunner and Underwriter**
Standard Bank	ABSA Member of BARCLAYS	NEDBANK CIB	RAND MERCHANT BANK A division of FirstRand Bank Limited

Financial Adviser and JSE Sponsor

Bank of America Merrill Lynch

Legal advisers to PPC as to South African law	**Legal advisers to PPC as to US and English law**
BOWMANS	Freshfields Bruckhaus Deringer
Legal advisers to the Underwriters as to South African law	**Legal advisers to the Underwriters as to US and English law**
WEBBER WENTZEL in alliance with > Linklaters	Linklaters

Transfer Secretaries of PPC

Computershare

Corpserve

Circular dated 1 September 2016

NOTICE TO INVESTORS

The Rights Offer is being made in accordance with the South African Companies Act No. 71 of 2008, as amended (the "Companies Act") and is only addressed to persons to whom it may lawfully be made. By subscribing for any Rights Offer Shares or purchasing any Letters of Allocation, you will be deemed to have represented and agreed that: (i) you are not (and any person for whom you are acting is not) a Restricted Shareholder or otherwise (a) a resident in any jurisdiction in which such offer would be unlawful or (b) a person to whom the Rights Offer may not lawfully be made; and (ii) you have received all necessary information required to make an informed investment decision.

This Circular is not an offer of new PPC Ordinary Shares, or an invitation to exercise any of the Rights pursuant to the Letters of Allocation, in any jurisdiction in which such offer would be unlawful. In a number of countries, in particular in the United States and the Restricted Territories, the distribution of this Circular, the exercise of Rights pursuant to the Letters of Allocation, the offer of the Rights Offer Shares, as well as the sale of the Rights Offer Shares, are subject to restrictions imposed by law (such as registration, admission or other regulations). No action has been or will be taken by PPC or by the Underwriters to permit the possession or distribution of this Circular (or any Letter of Allocation) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

Accordingly, neither this Circular nor any advertisement nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will be in compliance with applicable laws and regulations. Persons into whose possession this Circular may come are required to inform themselves about and comply with such restrictions, in particular not to publish or distribute this Circular in violation of applicable securities regulations. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. This Circular does not constitute an offer to sell the Letters of Allocation or the Rights Offer Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to buy the Letters of Allocation or the Rights Offer Shares from a person in a jurisdiction in which it is unlawful to make such solicitation.

No person is or has been authorised to give information or to make any representation regarding this Rights Offer other than those contained in this Circular and, if given or made, such information or representations shall not be relied upon as having been so authorised. In particular, save as expressly stated elsewhere in this Circular, the contents of PPC's website are not incorporated by reference in this Circular and do not form a part of this Circular, and investors should not rely on them. No representation or warranty, express or implied, is made by the Underwriters as to or in respect of the contents of this Circular, in relation to the accuracy, completeness or verification of the information contained in this Circular, and nothing contained in this Circular is, or shall be relied upon as, a promise or representation by the Underwriters in this respect, whether as to the past or the future. The Underwriters assume no responsibility for its accuracy, completeness or verification and, accordingly, disclaim to the fullest extent permitted by applicable law any and all liability whether arising in tort (delict), contract or otherwise which they might otherwise be found to have in respect of this Circular or any such statement. Information given or representations made in connection with this Rights Offer or the subscription or the sale of the Letters of Allocation or the Rights Offer Shares that are inconsistent with those contained in this Circular are invalid.

Investors acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this Circular or their investment decision; and (ii) they have relied only on the information contained in this Circular, and that no person has been authorised to give any information or to make any representation concerning the Group, the Letters of Allocation or the Rights Offer Shares (other than as contained in this Circular) and, if given or made, any such other information or representation should not be relied upon as having been authorised by PPC or the Underwriters.

The distribution of this Circular does not mean that the data contained herein is current as of any time after the date of this Circular. In particular, neither the delivery of this Circular nor the offer, sale or delivery of the Letters of Allocation or the Rights Offer Shares means that no adverse changes have occurred or no events have happened after the date of this Circular which may or could result in an adverse effect on the Group's business, financial condition or results of operations.

Nothing contained in this Circular is intended to constitute investment, legal, tax, accounting or other professional advice. This Circular is for your information and nothing in this Circular is intended to endorse or recommend a particular course of action. In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Group and the terms of the Rights Offer, including the merits and risks involved. Neither PPC, nor any of the Underwriters, nor any of their respective representatives or affiliates, is making any representation to any offeree, subscriber or purchaser of the Letters of Allocation or the Rights Offer Shares regarding the legality of an investment in the Letters of Allocation or the Rights Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisers before acquiring the Letters of Allocation or subscribing for or purchasing the Rights Offer Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of acquiring the Letters of Allocation or subscribing for or purchasing the Rights or the Rights Offer Shares. They are also required to make their independent assessment of the risks involved in acquiring the Letters of Allocation or subscribing for or purchasing the Rights or the Rights Offer Shares.

The Underwriters are acting exclusively for PPC and no one else in connection with the Rights Offer. They will not regard any other person (whether or not a recipient of this Circular) as their respective client in relation to the Rights Offer and will also not be responsible to anyone other than PPC for providing the protections afforded to their clients or for giving advice in relation to the Rights Offer or any transaction or arrangement referred to herein.

In connection with the Rights Offer, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may exercise Rights in terms of the Letters of Allocation in the Rights Offer and in that capacity may retain, purchase or sell for its own account such securities and any Letters of Allocation or Rights Offer Shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Rights Offer. Accordingly, references in this Circular to shares being offered should be read as including any offering of Letters of Allocation or Rights Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

NOTICE TO INVESTORS IN THE UNITED STATES

The Letters of Allocation and the Rights Offer Shares offered hereby have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the United States at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the United States. The Letters of Allocation will be issued to all Shareholders. The Rights Offer Shares are being offered, in the United States only to QIBs in reliance on exemptions from registration under the US Securities Act.

THE LETTERS OF ALLOCATION AND THE RIGHTS OFFER SHARES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY US FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE MERITS OF THE OFFERING OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

In the United States, this Circular is being furnished on a confidential basis solely for the purpose of enabling a prospective purchaser to consider purchasing the particular securities described herein.

The information contained in this Circular has been provided by PPC and the other sources identified herein. Distribution of this Circular to any person other than the offeree specified by PPC and those persons, if any, retained to advise such offeree with respect thereto is unauthorised, and any disclosure of its contents, without the prior written consent of PPC, is prohibited. Any reproduction or distribution of this Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities described herein. Investors agree to the foregoing by accepting delivery of this Circular.

If, at any time, PPC is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934 (the "US Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) under the US Exchange Act, it will furnish, upon request, to any owner of the Rights Offer Shares, or any prospective purchaser designated by any such owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act. In such cases, PPC will also furnish to each such owner all notices of Shareholders' meetings and other reports and communications that are made generally available by PPC to its Shareholders.

NOTICE TO INVESTORS IN SOUTH AFRICA

The Rights Offer will not constitute an "offer to the public", as envisaged in Chapter 4 of the Companies Act and, accordingly, this Circular does not, nor does it intend to, constitute a "registered prospectus", as contemplated in Chapter 4 of the Companies Act. Should any person who is not a Qualifying Shareholder (or its renouncee) receive this Circular, they should not, and will not be entitled to, acquire any Rights Offer Shares or Letters of Allocation or otherwise act thereon.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Circular is only being distributed to and is only directed at: (i) persons who are outside the United Kingdom; or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); or (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Rights Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Rights Offer Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Circular or any of its contents.

NOTICE TO INVESTORS IN AUSTRALIA, CANADA AND JAPAN AND CERTAIN OTHER JURISDICTIONS

Subject to certain exceptions, the Rights Offer will not be made to persons who are residents of Australia, Canada and Japan or in any jurisdiction in which such offering would be unlawful.

MEMBER STATES OF THE EUROPEAN ECONOMIC AREA

In relation to other Member States of the European Economic Area (the "EEA") that have implemented the Prospectus Directive (a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, which is referred to as the relevant implementation date, an offer to the public of any Rights Offer Shares or Letters of Allocation contemplated by this Circular may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Rights Offer Shares or Letters of Allocation which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State may, with effect from and including the relevant implementation date, be made under the following exemptions under the Prospectus Directive:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of Directive 2010/73/EU, 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior written consent of the Underwriter for any such offer; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Rights Offer Shares shall result in a requirement for the publication by the Company or any of the Underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Rights Offer Shares or Letters of Allocation in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Rights Offer, the Rights Offer Shares and Letters of Allocation to be offered so as to enable an investor to decide to subscribe for or purchase any Rights Offer Shares or Letters of Allocation, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

NOTICE TO NOMINEES, CUSTODIANS AND FINANCIAL INTERMEDIARIES

Any person, including nominees, custodians and other financial intermediaries who would, or otherwise intends to, or has a contractual or legal obligation to forward this Circular or any information relating to this Rights Offer to any jurisdiction outside of South Africa, should adhere to the restrictions set out above and in the section entitled "7 Circular to Qualifying Shareholders – 7.3 Particulars of the Rights Offer – 7.3.14 Overseas Shareholders" on page 56 of this Circular. In connection with any subscriptions for the Rights Offer Shares or any sales or purchases of the Letters of Allocation, nominees, custodians and financial intermediaries will be deemed to have represented and warranted that they have complied with the terms of the Rights Offer.

ENFORCEMENT OF CIVIL LIABILITIES

The ability of an Overseas Shareholder to bring an action against PPC may be limited under law. The rights of PPC Shareholders are governed by South African law, the Listings Requirements and by PPC's memorandum of incorporation (the "MOI"). An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. It may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurances that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than South Africa against the Directors or executive officers who are residents of countries other than those in which judgment is made. In addition, South African or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against PPC or its Directors or executive officers in a court of competent jurisdiction in South Africa or other countries.

CERTAIN FORWARD-LOOKING STATEMENTS

This Circular includes certain "forward-looking statements" that reflect the current views or expectations of the Company with respect to future events and future financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the economic outlook for the industry; use of the proceeds of the Rights Offer; the Group's ability to implement its strategy; the competitive environments in which the Group operates; trends in the industries and markets in which the Group operates; future operating results, growth prospects and outlook for the operations of the Group, individually or in the aggregate; and the Group's liquidity and available capital resources and expenditure. Such forward-looking statements generally reflect the Group's current plans, estimates, projections and expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Similarly, statements that describe the Group's objectives, plans or goals are or may be forward-looking statements. Forward-looking statements are included in, among other sections, "Background to and Reasons for the Rights Offer*",* "Use of Proceeds*",* "Dividends and Dividend Policy*",* "Risk Factors*",* "Business Description*" and* "Operating and Financial Review".

Although the Company believes that the expectations reflected in these and other forward-looking statements are reasonable, no assurances can be given that such expectations will materialise or prove to be correct. These forward-looking statements are based on various estimates and/or assumptions subject to known and unknown risks, uncertainties and other factors that may cause future events or the Group's actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements.

These risks, uncertainties and other factors include, among others:

- the Company's risk of not having sufficient funds to meet its payment obligations as they fall due if the Rights Offer is not successfully completed;
- the Group's ability to obtain sufficient financing or refinancings;
- conditions or covenants contained in the Group's financing arrangements that limit its financial and operating flexibility and subjects it to events of breach;
- implementation of the Group's business plan, including the Liquidity and Capital Plan;
- competition in the industries in which the Group operates;
- macro-economic conditions and market volatility in the countries in which the Group operates;
- the seasonality of the Group's business;
- the Group's ability to realise the expected benefits from its major projects;
- disruptions in or increased cost of transport, raw materials, electricity or water supply;
- the Group's ability to attract and retain skilled personnel;
- regulatory compliance;
- the Group's ability to implement administrative and internal controls in newer business environments;

- health and safety issues arising from the nature of cement production and mining; and
- the impact of any actual or threatened investigations or legal proceedings in respect of the Group's business.

Additional factors that could cause the Group's actual results, performance or achievements to differ materially from those contained herein include, but are not limited to, those discussed herein and under "Risk Factors". Consequently, investors are cautioned not to place undue reliance on the forward-looking statements.

Qualifying Shareholders should carefully review all information included in this Circular, including the historical consolidated financial statements and the notes thereto included on the Company's website. The forward-looking statements included in this Circular and the accompanying Revised Listing Particulars are made only as of the date of this Circular. PPC undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Circular or to reflect the occurrence of future events. All subsequent written and oral forward-looking statements attributable to PPC or any person acting on its behalf are qualified by the cautionary statements above.

IMPORTANT INFORMATION

Presentation of Financial Information

This Circular incorporates by reference (i) the audited consolidated financial statements of the Group as of and for the six months ended 31 March 2016 (the "2016 Audited Financial Statements"), and as of and for the years ended 30 September 2015 (the "2015 Audited Financial Statements"), 30 September 2014 (the "2014 Audited Financial Statements") and 30 September 2013 (the "2013 Audited Financial Statements", and together with the 2016 Audited Financial Statements, 2015 Audited Financial Statements and 2014 Audited Financial Statements, the "Audited Financial Statements"); and (ii) the reviewed condensed consolidated financial statements of the Group as of and for the three months ended 30 June 2016 (the "Reviewed Interim Financial Statements" and, together with the Audited Financial Statements, the "Financial Statements").

The Audited Financial Statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB") 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. The Reviewed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The Financial Statements are available on the Company's website (www.ppc.co.za). Deloitte's audit opinions to the Audited Financial Statements and Deloitte's review report on the Reviewed Interim Financial Statements are incorporated by reference into the Circular.

On 16 September 2015, the Board approved the change in the Company's year-end from September to March, effective from 2016. The Company believes that the March year-end is better aligned with the Group's administrative processes given the growth in, and increasing complexity of, the business.

The financial information presented in this Circular, including in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. Therefore, when presented in a table, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Circular reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Non-IFRS Measures

This Circular contains certain measures which are not measures defined by IFRS and which are used by the Group to assess the financial performance of its businesses. For the Group, these measures include Group EBITDA, Group EBITDA margin, headline earnings, headline earnings per share, normalised earnings, normalised earnings per share and cash earnings per share. These measures are included for the reasons described below; however, these measures should not be considered as alternatives to the Group's historical financial results based on IFRS. These non-IFRS measures are included because the Company believes that these measures enhance an investor's understanding of the Group's results of operations and financial performance as they present additional financial measures regularly used by the management of the Group to assess operating performance. These measures are not uniformly defined by all companies, including those in the building and construction industry. Accordingly, these measures may not be comparable with similarly titled measures and disclosures by other companies. Reconciliations of the measures discussed below to their nearest IFRS measures are provided in "9 Selected Financial and Other Information – 9.6 Reconciliation of Non-IFRS Measures".

The Group defines Group EBITDA as profit before taxation; other exceptional adjustments; impairments; (loss)/earnings from equity accounted investments; investment income, finance costs; fair value adjustments on financial instruments; depreciation; amortisation and empowerment transactions IFRS 2 charges. The Group defines Group EBITDA margin as Group EBITDA divided by revenue.

The Group calculates headline earnings in accordance with the Headline Earnings Circular ("Circular 2/2013 – Headline Earnings") as issued by the South African Institute of Chartered Accountants.

The Group defines normalised earnings as earnings adjusted for the effects of empowerment transaction IFRS 2 charges, restructuring costs, impairments, net of taxation and prior year taxation adjustments.

Cash earnings per share is calculated using cash available from operations divided by the total weighted average number of shares in issue for the period.

Exchange Rate Information

PPC publishes its financial statements in millions of Rand ("Rand" or "R"). References to "US dollars" and "US$" are to the lawful currency of the United States.

The following table sets forth, for the periods indicated, the Bloomberg Composite Rate expressed as Rands per $1.00. The Bloomberg Composite Rate is a "best market" calculation. At any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications. The ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates set forth below are provided solely for convenience and were not used by PPC in the preparation of the Financial Statements referred to elsewhere in this document nor in the presentation of any of the other figures in this document. No representation is made that such Rand amounts could have been, or could be, converted into US dollars at that rate or at any other rate.

Year **Rands per US$1.00**	**Period End**	**Average**	**High**	**Low**
2011	8.0751	7.2635	8.5412	6.5791
2012	8.4778	8.2104	8.9608	7.4531
2013	10.5206	9.6504	10.5404	8.4575
2014	11.5510	10.8493	11.7600	10.3008
2015	15.4868	12.7773	15.7558	11.2815

Month **Rands per US$1.00**	**Period End**	**Average**	**High**	**Low**
December 2015	15.4868	15.0117	15.7558	14.3450
January 2016	15.9083	16.3257	16.9238	15.4754
February 2016	15.8158	15.7773	16.2368	15.1750
March 2016	14.6915	15.3809	15.9532	14.6915
April 2016	14.2506	14.6062	15.2295	14.2185
May 2016	15.6809	15.3506	15.9223	14.3226
June 2016	14.6895	15.0462	15.6330	14.4683
July 2016	13.8984	14.4063	14.7584	13.8984
August 2016 (through 26 August 2016)	14.3694	13.6866	14.3694	13.2814

Industry Information

Information included in this Circular relating to markets and other industry data pertaining to the Group's business consists of information from data reports compiled by professional third-party organisations and analysts, data from external sources, PPC's knowledge of the industries in which it operates and PPC's own calculations based on such information. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate industry-related analyses and estimates, thus requiring PPC to rely on internally developed estimates. While PPC has compiled, extracted and reproduced industry data from external sources, including third-party or industry or general publications, PPC has not independently verified the data. PPC cannot assure you of the accuracy and completeness of such data. Similarly, while PPC believes its internal estimates to be reasonable, they have not been verified by any independent sources, and PPC cannot assure you as to their accuracy.

Trademarks

The Group owns or has the right to use certain trademarks, trade names or service marks that it uses in connection with the operation of its business. PPC asserts, to the fullest extent under applicable law, its rights to these trademarks, trade names or service marks. Each trademark, trade name or service mark of any other company appearing in this Circular belongs to its holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Circular are listed without the TM, ® and © symbols.

Tax consequences

No PPC Shareholder or any other interested party should construe the contents of this Circular and the documentation as accompanying it as tax or other advice, including the issue of the Rights and the subsequent dealing with the Rights Offer Shares.

PPC Shareholders are advised to consult their tax and financial advisers regarding any tax consequences to them of receiving, exercising and disposing of the Rights and acquiring, owning and disposing of the Rights Offer Shares in terms of the Rights Offer. Additional information is provided in the section entitled "Taxation".

CONTENTS

CLAUSE		*Page*
	IMPORTANT INFORMATION	6
PART 1	**ACTION REQUIRED BY QUALIFYING SHAREHOLDERS**	11
1.1	Action required by Qualifying Certificated Shareholders	11
1.2	Action required by Qualifying Dematerialised Shareholders	12
1.3	Overseas Shareholders and Restricted Shareholders	13
1.4:	Action required if you have disposed of your PPC Ordinary Shares	13
PART 2	**BACKGROUND TO AND REASONS FOR THE RIGHTS OFFER**	14
2.1	The Group	14
2.2	Reasons for the Rights Offer	14
PART 3	**USE OF PROCEEDS**	16
PART 4	**DIVIDENDS AND DIVIDEND POLICY**	17
4.1	Dividends	17
4.2	Dividend Policy	17
PART 5	**SUMMARY**	18
5.1	Introduction	18
5.2	Information on the Group	18
5.3	Recent Developments	18
5.4	Principal Terms of the Rights Offer	19
5.5	Rights Offer Statistics	20
5.6	Rights Offer Timetable	20
5.7	Summary Financial Information of the Group	21
5.8	Summary Consolidated Statement of Comprehensive Income	22
5.9	Summary Consolidated Statement of Financial Position	23
5.10	Summary Consolidated Statement of Cash Flows	23
PART 6	**RISK FACTORS**	24
6.1	Risks relating to the Group's liquidity and capital	24
6.2	Risks relating to the Group's industry and business	29
6.3	Risks relating to South Africa and other countries in Africa	45
6.4	Risks related to the Rights Offer and the Rights Offer Shares	46
PART 7	**CIRCULAR TO QUALIFYING SHAREHOLDERS**	49
7.1	Introduction	49
7.2	Rationale for the Rights Offer and Use of Proceeds	50
7.3	Particulars of the Rights Offer	50

CLAUSE		*Page*
PART 8	**CORPORATE INFORMATION AND ADVISERS**	63
PART 9	**SELECTED FINANCIAL AND OTHER INFORMATION**	65
9.1	Selected Financial Information of the Group	65
9.2	Selected Consolidated Statement of Comprehensive Income	66
9.3	Selected Consolidated Statement of Financial Position	67
9.4	Selected Consolidated Statement of Cash Flows	68
9.5	Other Selected Figures	68
9.6	Reconciliation of Non-IFRS Measures	69
PART 10	**OPERATING AND FINANCIAL REVIEW**	71
10.1	Overview	71
10.2	Key Factors Affecting Results of Operations	71
10.3	Current Trading and Prospects	78
10.4	Description of Key Line Items	78
10.5	Results of Operations for the Group	79
10.6	Liquidity and Capital Resources	89
10.7	Cash flows	91
10.8	Borrowings and contractual obligations	93
10.9	Financial Risk Management	97
10.10	Critical Accounting Policies and Estimates	99
PART 11	**BUSINESS DESCRIPTION**	100
11.1	Overview	100
11.2	Incorporation and history	100
11.3	Strengths	101
11.4	Strategy	101
11.5	Business Activities and Processes	102
11.6	Customers	109
11.7	Employees	110
11.8	Sustainability	110
11.9	Broad-Based Black Economic Empowerment (“BBBEE”)	114
11.10	Intellectual property	114
11.11	Information Technology (“IT”)	115
11.12	Insurance	115
11.13	Property	115
11.14	Legal Proceedings	117
PART 12	**REGULATORY MATTERS**	118
12.1	Introduction	118
12.2	Black economic empowerment in the South African mining industry	118

CLAUSE		*Page*
12.3	Granting and duration of mining rights	119
12.4	Environment	119
12.5	Occupational Health and Safety Regulation	123
12.6	Statutory royalties	124
12.7	Carbon tax/climate change policies	124
12.8	Land use	125
12.9	Land claims	125
12.10	Exchange Control	126
12.11	Labour Relations Act	126
12.12	Employment Equity Act	127
PART 13	**INDUSTRY OVERVIEW**	128
13.1	Global cement industry overview	128
13.2	The Manufacturing Process	128
13.3	Cement industry by region	130
PART 14	**TAXATION**	132
14.1	South Africa	132
14.2	United States	136
PART 15	**UNDERWRITING ARRANGEMENTS**	141
PART 16	**ADDITIONAL INFORMATION**	143
16.1	Information on the Directors and Senior Management of PPC	143
16.2	Stated Capital and Major PPC Shareholders	157
16.3	Estimated Expenses in Relation to the Rights Offer	159
16.4	Disclosure of conflict	159
16.5	Litigation Statement	161
16.6	Material Contracts	161
16.7	Related Party Transactions	166
16.8	Directors' Responsibility Statement	166
16.9	Consents	166
16.10	Documents Available for Inspection	166
PART 17	**DEFINITIONS AND INTERPRETATIONS**	167
ANNEXURE 1	TABLE OF RIGHTS	174
ANNEXURE 2	INFORMATION ON THE UNDERWRITERS	175
ANNEXURE 3	TRADING HISTORY	179
ANNEXURE 4	CORPORATE GOVERNANCE	180

FORM OF INSTRUCTION IN RESPECT OF LETTERS OF ALLOCATION

APPENDIX A FORM OF INVESTOR LETTER

PART 1

1. ACTION REQUIRED BY QUALIFYING SHAREHOLDERS

1.1 Action required by Qualifying Certificated Shareholders

If you are a Qualifying Certificated Shareholder, a Form of Instruction is enclosed with this Circular and a Letter of Allocation will be created in electronic form with the Transfer Secretaries to afford you the same rights and opportunities as those who have already dematerialised their PPC Ordinary Shares.

If you do not wish to subscribe for all of the Rights allocated to you as reflected in the Form of Instruction, you may either dispose of or renounce all or part of your Rights.

If you wish to dispose of all or part of your Rights, you must complete Form A in the enclosed Form of Instruction and return it to the Transfer Secretaries so that it is received by no later than 12:00 (SAST) on Tuesday, 13 September 2016. The Transfer Secretaries will endeavour to procure the sale of your Rights on the JSE on your behalf and to remit the proceeds less any fees paid to the Transfer Secretaries in accordance with your instructions. In this regard, neither the Transfer Secretaries nor PPC will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained or the failure to dispose of such Rights. Please note that the last day to trade Letters of Allocation is Tuesday, 13 September 2016.

If you wish to renounce all or part of your Rights in favour of any named renouncee, you must complete Form B in the enclosed Form of Instruction, and the renouncee must complete Form C in the enclosed Form of Instruction, and return it to the Transfer Secretaries so as to be received by no later than 12:00 (SAST) on Friday, 16 September 2016.

Payment for the Rights Offer Shares subscribed for: (i) must be made in full by a bank-guaranteed cheque drawn on a South African bank or banker's draft drawn on a registered commercial bank (each of which should be crossed and marked "not transferable", and in the case of a cheque with the words "or bearer" deleted), or electronic funds transfer ("EFT") (into the designated bank account, details of which are available from the Transfer Secretaries on request by contacting the Transfer Secretaries' call centre for corporate actions on +27 (0) 861 100 634 in relation to South African Qualifying Shareholders and +263 4 758 193 in relation to Zimbabwean Qualifying Shareholders) in favour of "PPC Ltd 2016 Rights Offer"; (ii) must be paid in Rand; and (iii) if made by bank-guaranteed cheque, banker's draft or proof of payment by EFT, must be lodged, posted, faxed or emailed, as the case may be, together with the completed Form of Instruction, as follows:

In relation to South African Qualifying Shareholders:

By hand to:

PPC Ltd – Rights Offer
c/o Computershare Investor Services
Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg
2001
South Africa

By facsimile to: +27 (0) 11 688 5210

By post to:

PPC Ltd – Rights Offer
c/o Computershare Investor Services
Proprietary Limited
PO Box 61763
Marshalltown
2107
South Africa

By email to: corporate.events@computershare.co.za

In relation to Zimbabwean Qualifying Shareholders:

By hand to:	By post to:
PPC Ltd – Rights Offer c/o Corpserve Transfer Securities (Pvt) Ltd 2nd Floor, ZB Centre Corner First Street and Kwame Nkurumah Avenue Harare Zimbabwe	**PPC Ltd – Rights Offer** c/o Corpserve Transfer Securities (Pvt) Ltd PO Box 2208 Harare Zimbabwe
By facsimile to: +263 4 752 629	**By email to:** enquiries@corpserve.co.zw

The Transfer Secretaries will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed Forms of Instruction or owing to Forms of Instruction being forwarded to any other facsimile number or email address other than that provided above. Notwithstanding anything to the contrary, it is the Qualifying Shareholder's responsibility to ensure that their Form of Instruction is received by the Transfer Secretaries.

If you take up your full Rights and you wish to apply for additional Rights Offer Shares, you must complete the enclosed Form of Instruction in accordance with the instructions contained therein and remit sufficient funds to cover your total application.

If the required documentation and payment have not been received in accordance with the instructions contained in the enclosed Form of Instruction, either from the Qualifying Certificated Shareholder or from any person in whose favour the Rights have been renounced, by 12:00 (SAST) on Friday, 16 September 2016, then the Rights of that Qualifying Certificated Shareholder to those unsubscribed Rights Offer Shares will be deemed to have been declined and the Rights will lapse for such Qualifying Certificated Shareholder.

1.2 Action required by Qualifying Dematerialised Shareholders

If you are a Qualifying Dematerialised Shareholder, the printed Form of Instruction is not applicable to you. Your CSDP or Broker will credit your account with the number of Rights to which you are entitled and you should receive notification from your CSDP or Broker in this regard. If your CSDP or Broker does not contact you, you should contact your CSDP or Broker and provide them with your instructions.

If you do not wish to subscribe for all of the Rights allocated to you, you may either dispose of or renounce all or part of your Rights.

If you wish to dispose of all or part of your Rights, you are required to instruct your CSDP or Broker as to the number of Rights of which you wish to dispose. Please note that the last day to trade Letters of Allocation is Tuesday, 13 September 2016.

If you wish to renounce all or part of your Rights in favour of any named renouncee, you are required to instruct your CSDP or Broker as to the number of Rights you wish to renounce and in favour of whom you wish to renounce those Rights.

If you wish to subscribe for all or part of your Rights, you are required to instruct your CSDP or Broker as to the number of Rights Offer Shares for which you wish to subscribe.

If you take up your full Rights and you wish to apply for additional Rights Offer Shares, you are required to instruct your CSDP or Broker as to the number of additional Rights Offer Shares for which you wish to subscribe.

CSDPs effect payment on a delivery versus payment basis.

Instructions to your CSDP or Broker must be provided in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker. If your CSDP or Broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you or, if the mandate is silent in this regard, the Rights of such Qualifying Dematerialised Shareholder may lapse.

PPC does not take responsibility and will not be held liable for any failure on the part of any CSDP or Broker to notify you of the Rights Offer and/or to obtain instructions from you to subscribe for the Rights Offer Shares and/or to dispose of the Rights allocated.

Qualifying Dematerialised Shareholders are required to inform their CSDP or Brokers of their instructions in terms of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the Qualifying Dematerialised Shareholder and their CSDP or Broker. Qualifying Dematerialised Shareholders are advised to contact their CSDP or Broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.

1.3 Overseas Shareholders and Restricted Shareholders

Additional information for Overseas Shareholders is provided in "7 Circular to Qualifying Shareholders – 7.3 Particulars of the Rights Offer – 7.3.14 Overseas Shareholders" and "7 Circular to Qualifying Shareholders – 7.3 Particulars of the Rights Offer – 7.3.16 Representations and Warranties".

Additional information relevant to the treatment of Restricted Shareholders' Rights is provided in "7 Circular to Qualifying Shareholders – 7.3 Particulars of the Rights Offer – 7.3.11 Lapse of Rights – 7.3.11(b) Restricted Shareholders".

1.4 Action required if you have disposed of your PPC Ordinary Shares

If you have disposed of all of your PPC Ordinary Shares, this Circular should be forwarded to the purchaser to whom, or the CSDP, Broker, banker or agent through whom, you disposed of such shares, but not if the purchaser or transferee is in the United States, a Restricted Territory or any other jurisdiction where to do so may constitute a violation of local securities laws or regulations.

NOTE:

If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately.

2. BACKGROUND TO AND REASONS FOR THE RIGHTS OFFER

2.1 The Group

The Group provides materials and solutions into the basic services sector. As a leading supplier of cement and related products in southern Africa, the Group has nine cement manufacturing facilities, three milling depots, five blending facilities and 26 readymix batching plants in South Africa, Botswana, Zimbabwe and Rwanda that can produce up to 8.5 million tonnes of cement products each year. The Group's combination of high-quality products and geographic footprint allows it to meet customer requirements in parts of South Africa, Botswana, Zimbabwe, DRC and Rwanda. As part of its strategy and long-term plan to grow revenue from outside of South Africa, the Group is expanding its operational footprint into the rest of Africa, including DRC, Ethiopia and Zimbabwe. The Group also produces aggregates, metallurgical-grade lime, burnt dolomite, fly ash and readymix, which it refers to as its "Materials business".

2.2 Reasons for the Rights Offer

As announced by the Company on 31 May 2016, PPC embarked on a strategy in 2010 to expand into Africa to extract value from high-growth economies and diversify the Group's exposure from the South African economy, as well as to expand the Group's business into adjacent and downstream cement business (the "Expansion Strategy"). As part of the Expansion Strategy, the Group has invested in projects in Rwanda, the DRC, Zimbabwe and Ethiopia. Given the project lifecycle in the cement industry and the long lead time required to implement these projects, the Group has drawn down on pre-arranged project finance debt without an immediate concomitant increase in earnings and resultant cashflow.

In order to help finance these projects, the Group incurred additional debt during a period of deterioration in the macroeconomic environment in which the Group operates which has impacted negatively on the profitability of the Group's existing operations and consequently the liquidity and leverage position of the Group as a whole.

Due to the aforesaid concerns, on 30 May 2016, S&P Global Ratings downgraded the Company's long-term and short-term South African national scale corporate credit ratings to zaBB-/zaB from zaA/zaA-2 respectively (the "Ratings Downgrade").

As a result of the Ratings Downgrade, noteholders of outstanding notes (the "Notes") issued under PPC's domestic medium-term note programme (the "Note Programme") had the right to elect that the Company redeem their Notes (value at issuance of R1.75 billion) at par plus accrued interest. As an interim measure and in order to ensure it was in a position to honour its commitments to any holders of the outstanding Notes ("Noteholders") who made such an election, in June 2016 the Company concluded a liquidity and guarantee facility which provides for: (i) an irrevocable and unconditional guarantee by Standard Bank, Absa Bank, Nedbank and RMB in favour of Noteholders and (ii) liquidity for the Company to redeem the Notes (the "Liquidity and Guarantee Facility"). On 24 June 2016, the majority of Noteholders elected that the Company redeem their Notes at par plus accrued interest. On 15 July 2016, Notes with an aggregate value of R1.614 billion, were redeemed by the Company, whilst the remaining R136 million remain to be redeemed on the original maturity dates, being December 2018 and October 2019.

As a condition of the Liquidity and Guarantee Facility, the Company has also entered into standstill arrangements with all of the lenders (being Standard Bank, Absa Bank, Nedbank and RMB) under the Group's other existing financing arrangements. Under the standstill arrangements, those lenders have agreed not to commence or support the commencement of any enforcement action under their respective lending arrangements until the earlier of 24 November 2016 and the date on which the Company receives gross proceeds of at least R4 billion in the Rights Offer. The PPC Broad-based Partnership Funding SPV Proprietary Limited ("CSG SPV") and PPC SBP Consortium Funding SPV Proprietary Limited ("SBP SPV"), the lenders to the Group under the financing agreements in respect of the BBBEE1 transaction ("BBBEE1"), have also agreed to a debt standstill on similar terms as those with the above lenders, save that the standstill period runs, in the case of CSG SPV, to the earlier of 1 November 2016 and the date when the Noteholders under the Note Programme are repaid from the equity proceeds, in the case of SBP SPV, to the earlier of 2 November 2016 and the date when the equity proceeds are raised. No enforcement action under any of the existing facilities was commenced prior to the start of the standstill arrangements. For a description of the Group's material financing arrangements, see "16 Additional Information – 16.6 Material Contracts – 16.6.2 Borrowings".

In order to address the challenges outlined above, the Company is seeking to raise R4 billion in gross proceeds through the Rights Offer. The gross proceeds of the Rights Offer will be used as described in "Use of Proceeds".

PPC has entered into an underwriting agreement with the Underwriters, dated 22 August 2016 (the "Underwriting Agreement"), with respect to the Rights Offer Shares. Pursuant to the terms of the Underwriting Agreement, the Underwriters have severally agreed to procure subscribers and payment for or, failing which, to subscribe and pay for, any Rump Shares. For a summary of the Underwriting Agreement, see "Underwriting Arrangements".

Further to these considerations, the Board believes that a successful Rights Offer would put the Group in a stronger financial position while preserving the long-term value of the Group for PPC Shareholders.

The Directors are fully supportive of the Rights Offer and intend to follow their rights to the extent practicable. However, the Directors and other members of management retain the discretion to sell sufficient Rights in order to raise funds for the purchase of new PPC Ordinary Shares in the context of the Rights Offer. With respect to PPC Ordinary Shares held in the existing share schemes which allow for the Directors to follow their Rights, this will be at each Director's discretion. In addition, certain non-Director members of management retain the discretion to sell their Rights or new PPC Ordinary Shares during and following the Rights Offer.

3. USE OF PROCEEDS

The Board intends to use the net proceeds of the Rights Offer, amounting to approximately R3.8 billion after offering expenses, to: (i) repay outstanding amounts advanced by Standard Bank, Absa Bank, Nedbank and RMB under the Liquidity and Guarantee Facility (expected to be approximately R1.8 billion); (ii) repay outstanding amounts advanced by the banks under other finance facilities (expected to be approximately R1.2 billion); and (iii) to finance existing projects of the Group and meet other requirements for funding its operations with the remainder of the proceeds.

4. DIVIDENDS AND DIVIDEND POLICY

4.1 Dividends

For the six months ended 31 March 2016, PPC did not declare a dividend.

For the financial years ended 30 September 2015, 2014 and 2013, PPC declared an ordinary dividend of 57 cents, 114 cents and 156 cents per PPC Ordinary Share, respectively.

4.2 Dividend Policy

For the financial years ended 30 September 2013 and 2014, the Company maintained a dividend policy of an annualised coverage ratio ranging between 1.2 to 1.5 times basic earnings per PPC Ordinary Share. For the financial year ended 30 September 2015, the Board resolved in November 2014 to increase the Company's dividend range to an annualised coverage ratio ranging between 1.8 to 2.5 times basic earnings per PPC Ordinary Share.

In November 2015, the Board resolved that the Company's dividend policy will take into account its growth considerations as well as prudency regarding its capital structure and liquidity requirements, and will therefore have a flexible dividend policy with regard to the quantum and form of dividends instead of a cash dividend policy based on a stated dividend cover.

The MOI provides that the Company must hold all monies due to shareholders in trust indefinitely. Dividends unclaimed for three years are subject to the laws of prescription.

PART 5

5. **SUMMARY**

The following summary information should be read as an introduction to the more detailed information appearing elsewhere in this Circular. Qualifying Shareholders are advised to consider this Circular as a whole before making any investment decision, and such decision should not be based solely on this summarised information.

5.1 **Introduction**

PPC announced on 14 June 2016 that it intends to proceed with a capital raise, targeting gross proceeds (before deducting underwriting fees and other expenses) of R4 billion by way of a Rights Offer to Qualifying Shareholders.

5.2 **Information on the Group**

The Group provides materials and solutions into the basic services sector. As a leading supplier of cement and related products in southern Africa, the Group has nine cement manufacturing facilities, three milling depots, five blending facilities and 26 readymix batching plants in South Africa, Botswana, Zimbabwe and Rwanda that can produce up to 8.5 million tonnes of cement products each year. The Group's combination of high-quality products and geographic footprint allows it to meet customer requirements in parts of South Africa, Botswana, Zimbabwe, DRC and Rwanda. As part of its strategy and long-term plan to grow revenue from outside of South Africa, the Group is expanding its operational footprint into the rest of Africa, including DRC, Ethiopia and Zimbabwe. The Group also produces aggregates, metallurgical-grade lime, burnt dolomite, fly ash and readymix.

5.3 **Recent Developments**

Since 30 June 2016, the following subsequent events occurred:

- On 1 July 2016, in line with PPC's business strategy for its Materials business, PPC concluded the acquisition of 3Q Mahuma Concrete (Proprietary) Ltd ("3Q") on an asset-for-share agreement for a consideration of R135 million. 3Q was one of the largest independently owned readymix concrete suppliers in South Africa and has been in business for the past 11 years. It has branches in Limpopo, Northwest, Northern Cape, Mpumalanga and Mozambique. Management believes that this acquisition will assist PPC in growing its readymix footprint.
- On 1 August 2016, PPC Shareholders convened a meeting and approved certain key resolutions to approve the implementation of the Rights Offer. Below is the summary of the approvals received from PPC Shareholders:

Resolution	Number of Shares voted	Percentage of Shares in Issue (%) [1]	For (%) [1]	Against [1] (%)	Abstain [2] (%)
The increase of PPC's authorised stated capital from 700,000,000 PPC Ordinary Shares to 10,000,000,000 PPC Ordinary Shares and the associated changes to the MOI	446,328,169	71	99.56	0.44	0.04
Amendment of PPC's MOI	446,168,408	71	99.54	0.46	0.06
The authorisation to issue additional PPC Ordinary Shares with voting power that will, upon issue, exceed 30% of the existing voting power of the PPC Ordinary Shares currently in issue	446,327,868	71	99.49	0.51	0.04
The granting of a general authority to the Directors to issue such number of additional PPC Ordinary Shares in the authorised but unissued stated capital of PPC as may be required for the purpose of implementing the Rights Offer	446,204,737	71	99.29	0.71	0.06
The waiver by independent holders of more than 50% of the voting rights of all the issued PPC Ordinary Shares of the benefit of receiving a mandatory offer from one or more of the underwriters (pursuant to the Rights Offer) in accordance with Section 123(3) of the Companies Act	445,975,090	71	99.49	0.51	0.10

Notes:

1. Based on 624,746,762 total issued PPC Ordinary Shares as at 1 August 2016 and in relation to the total number of shares voted at the general meeting.
2. Based on 624,746,762 total issued PPC Ordinary Shares as at 1 August 2016.

5.4 Principal Terms of the Rights Offer

The Rights Offer will be made on the basis of: 160.06486 Rights Offer Shares for every 100 PPC Ordinary Shares held by Qualifying Shareholders and/or such proportionate lower number of PPC Ordinary Shares in respect of a holding of less than 100 PPC Ordinary Shares ("Ratio of Entitlement") on the Record Date, for subscription at a price of R4.00 per Rights Offer Share.

The net proceeds of the Rights Offer after offering expenses are expected to amount to R3.8 billion. The subscription price of the Rights Offer Shares is at a discount of 55.5% to PPC's closing price of R8.99 on 19 August 2016, and at a discount of 32.4% of the theoretical ex-rights price of R5.92 of a PPC ordinary share on the same day.

The Rights Offer will open at 09:00 (SAST) on Monday, 5 September 2016 and will close at 12:00 (SAST) on Friday, 16 September 2016.

The Rights Offer Shares will, upon allotment and issue, rank *pari passu* with all other existing PPC Ordinary Shares and shall be fully paid up and freely transferable.

5.5 Rights Offer Statistics

The price per Rights Offer Share ("Rights Offer Share Price") is R4.00.

The number of PPC Ordinary Shares in issue at the date of this Circular is 624,746,762. The number of Rights Offer Shares to be issued by the Company will be 1,000,000,000.

The number of PPC Ordinary Shares in issue immediately following completion of the Rights Offer will be 1,624,746,762.

The Rights Offer Shares as a percentage of the enlarged issued stated capital of the Company immediately following completion of the Rights Offer will be 61.55%.

The estimated net proceeds receivable by the Company after offering expenses are R3.8 billion. The Board intends to use existing cash resources and the net proceeds of the Rights Offer as described in "Use of Proceeds".

The estimated expenses of the Rights Offer are R170 million. For a detailed breakdown of the estimated expenses of the Rights Offer, see "16 Additional Information – 16.3 Estimated Expenses in Relation to the Rights Offer".

5.6 Rights Offer Timetable

PPC Ordinary Shares, Letters of Allocation and Rights Offer Shares trading on both the JSE and the ZSE will follow the below timetable.

Publication of declaration data	Monday, 22 August 2016
Finalisation announcement released on SENS	Wednesday, 24 August 2016
Last day to trade in PPC Ordinary Shares on the ZSE in order to participate in the Rights Offer (cum Rights)	Friday, 26 August 2016
PPC Ordinary Shares commence trading on the ZSE ex-Rights at 09:00 (SAST) on	Monday, 29 August 2016
Listing of and trading in the Letters of Allocation on the exchange operated by the ZSE commences at 09:00 (SAST) on	Monday, 29 August 2016
Last day to trade in PPC Ordinary Shares on the JSE in order to participate in the Rights Offer (cum Rights)	Tuesday, 30 August 2016
PPC Ordinary Shares commence trading on the JSE ex-Rights at 09:00 (SAST) on	Wednesday, 31 August 2016
Listing of and trading in the Letters of Allocation on the exchange operated by the JSE commences at 09:00 (SAST) on	Wednesday, 31 August 2016
Rights Offer Circular and Form of Instruction posted to Qualifying Certificated Shareholders	Thursday, 1 September 2016
Record Date for the Rights Offer	Friday, 2 September 2016
Rights Offer opens at 09:00 (SAST) on	Monday, 5 September 2016
Letters of Allocation credited to an electronic account held at the Transfer Secretaries in respect of Qualifying Certificated Shareholders	Monday, 5 September 2016
CSDP or Broker accounts credited with Rights in respect of Qualifying Dematerialised Shareholders	Monday, 5 September 2016
Rights Offer Circular posted to Qualifying Dematerialised Shareholders	Tuesday, 6 September 2016
Last day for trading Letters of Allocation on the exchanges operated by the JSE and ZSE	Tuesday, 13 September 2016

Listing of Rights Offer Shares and trading therein on the exchanges operated by the JSE and ZSE commences at 09:00 (SAST) on	Wednesday, 14 September 2016
Payment to be made and Form of Instruction to be lodged with the Transfer Secretaries by Qualifying Certificated Shareholders by 12:00 (SAST) on	Friday, 16 September 2016
Rights Offer closes at 12:00 (SAST) on	Friday, 16 September 2016
Record Date for the Letters of Allocation	Friday, 16 September 2016
Rights Offer Shares issued on or about	Monday, 19 September 2016
CSDP or Broker accounts of Qualifying Dematerialised Shareholders credited/debited and updated with Rights Offer Shares	Monday, 19 September 2016
Share certificates posted to Qualifying Certificated Shareholders by registered post on or about	Monday, 19 September 2016
Results of the Rights Offer and basis of allocation of excess Rights Offer Shares announced on SENS	Monday, 19 September 2016
Results of the Rights Offer and basis of allocation of excess Rights Offer Shares published in the South African press	Tuesday, 20 September 2016
Rights Offer Shares in respect of successful excess applications (if applicable) issued on or about	Wednesday, 21 September 2016
CSDP or Broker accounts of Qualifying Dematerialised Shareholders credited/debited and updated with Rights Offer Shares in respect of successful excess applications (if applicable)	Wednesday, 21 September 2016
Share certificates in respect of successful excess applications (if applicable) posted to Qualifying Certificated Shareholders by registered post on or about	Wednesday, 21 September 2016
Refund cheques posted to Qualifying Certificated Shareholders in respect of unsuccessful excess applications (if applicable) on or about	Wednesday, 21 September 2016

Notes:

1. Share certificates in respect of PPC Ordinary Shares may not be dematerialised or rematerialised (a) in the case of PPC Ordinary Shares listed on the JSE, between 31 August 2016 and 2 September 2016, both days inclusive and (b) in the case of PPC Ordinary Shares listed on the ZSE, between 29 August 2016 and 2 September 2016, both days inclusive.
2. CSDPs effect payment on a delivery versus payment basis in respect of Dematerialised Shares.
3. Qualifying Dematerialised Shareholders are required to inform their CSDP or Brokers of their instructions in terms of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the Qualifying Dematerialised Shareholder and their CSDP or Broker. Qualifying Dematerialised Shareholders are advised to contact their CSDP or Broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.
4. Transfers between the JSE and ZSE are not allowed.

5.7 Summary Financial Information of the Group

The summary consolidated financial information as of and for the six months ended 31 March 2016, and as of and for the years ended 30 September 2015, 2014 and 2013 set out below has been extracted from the Group's Audited Financial Statements, which are prepared in accordance with IFRS. The summary consolidated interim financial information set out below, as of and for the three month period ended 30 June 2016, has been derived from the Reviewed Interim Financial Statements, which are prepared in accordance with IAS 34. The information as of and for the three months ended 30 June 2015 and as of and for the six months ended 31 March 2015, have been derived from management accounts, which are prepared in accordance with IFRS, and have not been audited or reviewed. See "Important Information – Presentation of Financial Information". The Directors are responsible for the financial information extracted from the Financial Statements incorporated by reference into this Circular.

5.8 Summary Consolidated Statement of Comprehensive Income

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September		
	2016	2015	2016	2015	2015	2014	2013
(R millions unless otherwise noted)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Revenue	**2,425**	**2,278**	**4,501**	**4,541**	**9,227**	**9,039**	**8,316**
Cost of sales	1,795	1,569	3,261	3,206	6,437	6,266	5,546
Gross profit	**630**	**709**	**1,240**	**1,335**	**2,790**	**2,773**	**2,770**
Administration and other operating expenditure	251	301	489	554	1,130	1,030	853
Operating profit before empowerment IFRS 2 charges	**379**	**408**	**751**	**781**	**1,660**	**1,743**	**1,917**
Empowerment IFRS 2 charges	8	9	18	25	43	38	141
Operating profit	**371**	**399**	**733**	**756**	**1,617**	**1,705**	**1,776**
Fair value (loss)/gains adjustments on financial instruments	(15)	3	(20)	(1)	22	38	25
Finance costs	220	134	330	276	518	505	404
Investment income	3	6	12	11	28	53	22
Profit before equity accounted earnings and exceptional adjustments	**139**	**274**	**395**	**490**	**1,149**	**1,291**	**1,419**
(Loss)/earnings from equity accounted investments	–	–	–	(3)	(16)	24	20
Impairments	–	(3)	(5)	(44)	(81)	(111)	(13)
Other exceptional adjustments	–	–	117	1	–	1	12
Profit before taxation	**139**	**271**	**507**	**444**	**1,052**	**1,205**	**1,438**
Taxation	58	102	156	163	391	356	507
Profit for the period	**81**	**169**	**351**	**281**	**661**	**849**	**931**
Attributable to:							
Shareholders of PPC Ltd	87	198	369	274	698	840	931
Non-controlling interests	(6)	(29)	(18)	7	(37)	9	–
Earnings per share (cents)							
Basic	17	38	70	52	133	160	178
Diluted	16	38	69	51	131	158	175

5.9 Summary Consolidated Statement of Financial Position

	As at 30 June		As at 31 March		As at 30 September		
	2016	2015	2016	2015	2015	2014	2013
(R millions)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
ASSETS							
Non-current assets	**13,955**	**10,609**	**13,579**	**9,802**	**12,202**	**8,938**	**6,411**
Property, plant and equipment	12,082	8,854	11,716	8,009	10,648	7,223	5,522
Goodwill	258	248	255	249	254	268	101
Other intangible assets	738	752	766	774	772	681	232
Equity accounted investments	200	219	200	219	125	223	410
Other non-current assets	621	516	590	536	355	534	146
Deferred taxation assets	56	20	52	15	48	9	–
Non-current assets held for sale	**42**	**–**	**42**	**–**	**76**	**–**	**–**
Current assets	**2,879**	**2,627**	**2,768**	**2,480**	**2,979**	**2,637**	**2,465**
Inventories	1,070	1,045	1,121	944	1,029	894	923
Trade and other receivables	1,197	1,096	1,187	1,072	1,232	1,180	1,050
Cash and cash equivalents	612	486	460	464	718	563	492
Total assets	**16,876**	**13,236**	**16,389**	**12,282**	**15,257**	**11,575**	**8,876**
EQUITY AND LIABILITIES							
Capital and reserves							
Stated capital	(1,113)	(1,165)	(1,113)	(1,141)	(1,165)	(1,173)	(1,236)
Other reserves	1,555	942	1,558	941	1,402	733	539
Retained profit	2,667	2,189	2,583	2,123	2,406	2,255	2,257
Equity attributable to Shareholders of PPC Ltd	**3,109**	**1,966**	**3,028**	**1,923**	**2,643**	**1,815**	**1,560**
Non-controlling interests	520	695	535	757	521	603	582
Total equity	**3,629**	**2,661**	**3,563**	**2,680**	**3,164**	**2,418**	**2,142**
Non-current liabilities	**7,495**	**7,380**	**6,729**	**6,628**	**8,813**	**7,186**	**4,900**
Deferred taxation liabilities	1,165	938	1,178	980	1,059	1,030	1,063
Provisions	414	401	408	388	400	374	348
Long-term borrowings	5,373	5,897	4,614	5,216	6,711	5,740	3,462
Other non-current liabilities	543	144	529	44	643	42	27
Current liabilities	**5,752**	**3,195**	**6,097**	**2,974**	**3,280**	**1,971**	**1,834**
Short-term borrowings	4,236	1,557	4,557	1,556	1,510	351	584
Trade and other payables and short-term provisions	1,516	1,638	1,540	1,418	1,770	1620	1,250
Total equity and liabilities	**16,876**	**13,236**	**16,389**	**12,282**	**15,257**	**11,575**	**8,876**

5.10 Summary Consolidated Statement of Cash Flows

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September		
	2016	2015	2016	2015	2015	2014	2013
(*R millions unless otherwise noted*)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Net cash inflow from operating activities	**143**	**413**	**149**	**224**	**1,288**	**831**	**1,343**
Net cash outflow from investing activities	**(555)**	**(1,013)**	**(1,283)**	**(999)**	**(2,995)**	**(2,840)**	**(1,219)**
Net cash inflow from financing activities	**571**	**660**	**849**	**632**	**1,772**	**1,898**	**94**
Net movement in cash and cash equivalents	**159**	**60**	**(285)**	**(143)**	**65**	**(111)**	**218**
Cash and cash equivalents at end of the period	**612**	**486**	**460**	**464**	**718**	**563**	**492**
Cash earnings per share (cents)	**27**	**103**	**63**	**123**	**351**	**325**	**404**

PART 6

6. RISK FACTORS

The following risks should be considered carefully by Qualifying Shareholders before making any investment decision.

This section addresses the existing and future material risks to the business of the Group. The risks below are not the only ones that the Group will face. Some risks are not yet known and some that are not currently deemed material could later prove to be material. All of these risks could materially adversely affect the Group, its reputation, business, financial condition, results of operations and prospects. In such cases, the market price of PPC Ordinary Shares or the Letters of Allocation may decline and Qualifying Shareholders could lose all or part of their investment. Qualifying Shareholders should read this section in conjunction with "Circular to Qualifying Shareholders", "Operating and Financial Review" and "Business Description".

6.1 Risks relating to the Group's liquidity and capital

6.1.1 *If the Rights Offer is not successfully completed, the Company is at risk of not having sufficient funds to meet its payment obligations as they fall due.*

On 30 May 2016, S&P Global Ratings downgraded the Company's long-term and short-term South African national scale corporate credit ratings to zaBB-/zaB from zaA/zaA-2 respectively (the "Ratings Downgrade"), which gave noteholders of PPC's Note Programme the right to elect that the Company redeem their Notes. As an interim measure and in order to address its commitments to the Noteholders, in June 2016 the Company concluded the Liquidity and Guarantee Facility. Failure to raise gross proceeds of R4 billion in the Rights Offer (whether due to termination of the Underwriting Agreement, failure of the Underwriters to fulfil their underwriting obligations or otherwise) would result in the Group failing to repay amounts due under the Liquidity and Guarantee Facility to fund the Notes redemptions since the Group currently does not have an alternative to the Rights Offer as a means of funding this obligation by the repayment date of 2 November 2016.

Further, as a condition of the Liquidity and Guarantee Facility, the Company has also entered into standstill arrangements with all of the Group's lenders (being Standard Bank, Absa Bank, Nedbank and RMB) under the Group's other existing financing arrangements. Under the standstill arrangements, those lenders have agreed to not commence or support the commencement of any enforcement action under their respective lending arrangements until the earlier of 24 November 2016 and the date on which the Company receives gross proceeds of at least R4 billion in the Rights Offer. The CSG SPV and SBP SPV, the lenders to the Group under the financing agreements in respect of the BBBEE1 transaction, have also agreed to a debt standstill on similar terms as those with the above lenders as described in "16 Additional Information – 16.6 Material Contracts – 16.6.2 Borrowings – Standstill Arrangements". Failure to raise R4 billion in equity by 2 November 2016 (the repayment date under the Liquidity and Guarantee Facility) could therefore result not only in a default under the Liquidity and Guarantee Facility but also in the Group consequently breaching one or more of the financial covenants contained in its other financing arrangements and, to the extent such breach occurs after the expiration of the Group's standstill arrangements, enforcement action being commenced against the Group. A breach of a relevant covenant (unless relaxed or waived by the relevant lender) would result in the relevant lenders of such facility demanding immediate repayment of such facility.

Due to the nature of the Group's borrowing facilities, an event of default (including a failure to pay) under one facility could result in cross-defaults and/or cross-accelerations under other facilities and the acceleration of the payment obligations under the Group's other lending arrangements. This could therefore result in substantially all of the Group's borrowings becoming repayable immediately.

If any of the foregoing were to occur, the Company, in the absence of securing alternative funding and/or substantial proceeds from the realisation of assets, would cease to be a going concern and be unable to repay its debts, which could result in the liquidation or placing into business rescue of the Company and, ultimately the value of Shareholders' investments in the Company being reduced to little or no value.

6.1.2 *The Group may not be able to obtain further financing or refinancings on economically favourable terms or at all.*

Access to financing and the Group's ability to refinance is dependent on a variety of financial, macro-economic and other qualitative factors which are, in some instances, beyond the Group's control. The Group's current statement of financial position and long- and short-term credit ratings of zaBB-/zaB will affect the Group's ability to raise borrowings in the capital markets or from private lenders in the short-term. Furthermore, the Group's existing facilities agreement with Nedbank and Standard Bank for up to R2 billion (the "Bridge Facilities Agreement") is due to expire in September 2017. Although the Group believes that as a result of its reduced gearing following the Rights Offer it will be in a position to refinance this loan or seek alternative financing arrangements, there can be no assurance that this refinancing or alternative financing will be obtained on economically favourable terms or at all.

If the Group's business plan, which includes the Liquidity and Capital Plan (as defined in "– 6.1.5 The Group may be unable to successfully implement its Liquidity and Capital Plan" below), is not achieved for any reason, including due to unforeseen events or circumstances such as a prolonged economic downturn in the countries in which the Group operates, significant increased costs, further downward pressure in selling prices or devaluation of the Rand, the Group's liquid funds and existing undrawn committed lines of credit may not be sufficient to cover the Group's refinancing and operational needs. The Group continues to depend on future financing and refinancing in the credit and capital markets and may not always be successful in securing such financing on economically favourable terms or at all, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.1.3 *The conditions and covenants contained in the Group's financing arrangements limit its financial and operating flexibility and subject it to significant adverse consequences in the event of a breach and/or event of default.*

The Group's financing arrangements contain conditions and covenants, including maximum borrowing levels, debt to EBITDA ratios (as defined in the relevant funding agreement), debt service cover ratios, and interest cover ratios. These conditions and covenants limit the Group's ability to raise additional or alternative debt finance for its current and future operations and capital needs and the ability to pursue certain business activities that may be value-enhancing for Shareholders. Although the Group believes that, following the Rights Offer and the application of proceeds to reduce indebtedness, it will have sufficient headroom under the covenants in its borrowing facilities and sufficient liquidity to manage its operations, there can be no assurance that in the longer term there will not be unforeseen events or circumstances that result in it being unable to meet its covenants. If the Group breaches the conditions or covenants of any financing arrangement and is unable to cure the breach or obtain a waiver from the relevant lenders, it could be in default under the terms of such arrangement and such default could result in cross-defaults and/or cross-accelerations under other facilities. Furthermore, the lenders under the Group's credit lines could terminate their commitments to extend credit or cease making loans. Any such circumstances would have a material adverse effect on the Group's business, financial condition, results of operations and prospects, and ability to operate as a going concern.

The Group has entered into standstill arrangements with certain of its lenders which temporarily block enforcement action by such lenders. As at the date of this Circular, the Group is not in compliance with certain of its covenants relating to its debt to EBITDA ratio as defined in the relevant financing agreements with such lenders. While the standstill arrangements block enforcement, compliance with such covenants remains a drawstop under certain of the Group's facilities. The Company expects that, following a successful Rights Offer, it will be in compliance with all of the covenants under its existing financing arrangements. For a description of the standstill arrangements, see "– 6.1.1 If the Rights Offer is not successfully completed, the Company is at risk of not having sufficient funds to meet its payment obligations as they fall due".

6.1.4 ***Following the Rights Offer and the use of the net proceeds thereof to repay certain indebtedness of the Group, the Group may incur further indebtedness in response to developments affecting its business and the Group's net indebtedness may increase.***

Whilst the Company believes that, following the Rights Offer, the Group will have sufficient funds to meet its obligations, there can be no assurance that the combination of cash flows generated from the Group's operations and the Group's existing financing arrangements will be sufficient to fund growth opportunities in the longer term, or that the capital expenditure and working capital required to complete the Group's existing projects may not increase beyond expectations. The Group has been in discussions with potential financiers with regard to refinancing existing facilities as well as providing additional headroom for further capital expenditure and growth. The Group's indebtedness may also increase in response to events affecting its business, such as adverse movements in the Rand/US Dollar exchange rate (or other functional exchange rates) or operational issues.

The Group's future use of debt funding may have adverse consequences, including requiring it to dedicate a portion of its cash flows to pay funding obligations, which, depending on the level of its borrowings, prevailing interest rates and exchange rate fluctuations, may materially reduce funds available for planned capital expenditure, operating expenditure and other purposes. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.1.5 ***The Group may be unable to successfully implement its Liquidity and Capital Plan, and the Liquidity and Capital Plan, once implemented, may not be sufficient to ensure the Group has sufficient liquidity and capital over the longer term.***

In response to the Group's high level of debt and the Ratings Downgrade as described further in "2 Background to and Reasons for the Rights Offer – 2.2 Reasons for the Rights Offer", the Company has implemented a series of initiatives (including the Rights Offer) focussed on increasing liquidity, deleveraging the statement of financial position, financing the redemption of the Notes, restructuring debt, reducing capital expenditure and optimising working capital expenditure (the "Liquidity and Capital Plan"). Although the Company believes that the successful implementation of the Liquidity and Capital Plan will result in adequate liquidity to fund its operations, there can be no assurance that this will be the case.

Further, the Group could experience an increase in its longer term capital and/or liquidity requirements, in excess of the amount expected by the Company, due to larger than expected capital expenditure commitments, higher than projected finance costs as a result of refinancing, and/or failure to meet working capital targets. The Group may also incur higher costs than the Company currently expects in connection with the implementation of the Liquidity and Capital Plan or fail to meet the cost savings targets envisioned under the Liquidity and Capital Plan. All of the above consequences could have a material adverse effect on the Group's reputation, operational performance, share price, financial condition, results of operations and prospects.

For more information on the Liquidity and Capital Plan and the Group's capital expenditure commitments, see "Liquidity" and "Capital Expenditure", respectively, in "10 Operating and Financial Review – 10.6 Liquidity and Capital Resources".

6.1.6 ***PPC has put option liabilities in connection with its holding in PPC Barnet DRC Holdings.***

The International Finance Corporation ("IFC") was issued a put option by PPC in 2015 pursuant to which PPC may, at the option of IFC, be required to purchase all or part of the shares held by the IFC in PPC Barnet DRC Holdings (the "Put Option"). The Put Option is exerciseable by IFC for a five-year period beginning on 8 December 2020, which is the date falling six years after the date on which IFC subscribed for such shares. The value of the Put Option (which PPC would have to pay if IFC exercised its option) is based on PPC Barnet's forecast EBITDA (as defined in the relevant agreements) applying a forward multiple less net debt. These factors may vary from time to time and result in a greater liability for the Company than it expects.

An alternative put option may also be triggered at any time on non-compliance by PPC or PPC Barnet DRC Holdings or its subsidiaries of certain governance requirements or on breach of certain representations and warranties given by PPC to IFC (the "Alternative Put Option"). The value of the Alternative Put Option is the same as the Put Option but includes a premium. The exercise of either put option by IFC could result in PPC having to secure further funding if it does not have sufficient funds to pay the relevant put option value. If the Alternative Put Option were exercised, the premium paid could result in an impairment charge to the Group if the PPC Barnet Plant Expansion Project's cash flow were lower than planned. Any resulting liability from the exercise of the Alternative Put Option or further triggering of the Put Option could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

For more information on the PPC Barnet Plant Expansion Project, see "11 Business Description – 11.5.2 Regions – Democratic Republic of the Congo – PPC Barnet Plant Expansion Project".

6.1.7 *The Company has sponsor support obligations in relation to the PPC Barnet Plant Expansion Project.*

Pursuant to the project funds and share retention agreement dated 5 February 2015 (the "PPC Barnet Project Funds Agreement"), PPC as first sponsor of the PPC Barnet Plant Expansion Project has agreed to provide funding (a "deficiency loan(s)" as defined in the PPC Barnet Project Funds Agreement) to a PPC Barnet subsidiary if there is an actual or anticipated shortfall in funds: (i) before the relevant PPC Barnet subsidiary has achieved certain financial performance ratios or (ii) for such PPC Barnet subsidiary to meet its financial obligations as they become due and payable. In the event a deficiency loan is required, pursuant to the PPC Barnet Project Funds Agreement, PPC's right to recover amounts due under such loan is subordinated to the rights of other lenders to such PPC Barnet subsidiary. Furthermore, PPC may have to secure additional funding if it does not have sufficient funds to extend the loan to the PPC Barnet subsidiary.

Even if PPC is able to fund any deficiency loans which are required, if the PPC Barnet subsidiary is unable to generate sufficient cash to meet its financial obligations to other lenders for any reason, PPC may be unable to recover amounts due to it under any loans extended to such PPC Barnet subsidiary. Furthermore, until such time as the loans provided to PPC Barnet by IFC and PTA Bank are repaid in full, PPC must maintain, directly or indirectly, not less than 69% of the legal and beneficial ownership of shares in PPC Barnet; therefore, PPC may not be able to sell its interest in PPC Barnet even if it would otherwise be favourable to the Group to do so.

If any of the above were to occur, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.1.8 *The capital intensive nature of the Group's business requires significant financing. If such financing is not available, the Group's business and results of operations could be materially adversely affected.*

In order to continue to be competitive, the Group needs modern plant and equipment, which involves substantial capital expenditures, in respect of environmental compliance, maintenance and modernisation and potential brownfield and greenfield operations. Although the Group's South African installed plant is the oldest of the local producers, the Group runs only the most efficient and modern of these units and plants and invests capital on a prioritised basis to ensure efficiency and compliance. The maintenance of these plants may require increased levels of capital expenditure in the future. The Group has historically funded capital expenditures and acquisitions with internally generated cash flows, project finance, bank loans and bonds. In the future, the Group intends to continue using these sources of financing subject to their availability and terms. Should the Group be unable to finance its capital expenditures and acquisitions in the contemplated manner, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.1.9 ***The Group bears the risk of loss of the value of its investments.***

The Group has made a number of investments in major projects, particularly in the DRC, Ethiopia, Zimbabwe, as well as other countries, as part of its Expansion Strategy. If it fails to successfully execute such projects, or if such projects experience significant delays in becoming operational or realising their expected production, additional project funding may be required, profitability may be below expectations and it may become necessary to write-down these investments. This is compounded by the fact that the cement and lime businesses are capital intensive which means that any investment in such businesses require substantial capital expenditure and commitment. In addition, if further funding is required by its existing investments, and the Group is unable or unwilling to provide such additional funding, other parties may choose to provide such funding in exchange for an increased interest in the relevant investment, and the Group's interest in such investments may be diluted. If any of the above were to occur, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.1.10 ***A significant default by a counterparty could adversely affect the Group's business, financial condition, results of operations and prospects.***

The Group is dependent upon the performance of counterparties, such as customers, joint venture partners, suppliers and financial institutions (such as banks and insurance providers), in order to meet its obligations as they fall due. For example, the Group faces credit risk in the normal course of business with customers who buy its products on credit terms. Defaults by a number of the Group's significant customers could reduce revenue and have a material adverse effect on the Group's business, financial condition, results of operations and prospects. If any counterparties were to default on material payments or delivery obligations to the Group, the Group may be unable to meet its obligations to other counterparties.

If a counterparty were to become insolvent or otherwise be unable to meet its obligations, the Group may need to find a replacement to carry out that party's obligations, which may increase costs or reduce the Group's revenue. A significant default by the Group's counterparties could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.1.11 ***The Group faces risks as a result of movements in interest rates, restructuring of credit facilities and ratings downgrades.***

Some of the interest on the Group's finance debt is indexed at a spread to benchmark rates and some is on a fixed-rate basis. With variable interest rates comes the risk of increasing interest rates while the risk associated with fixed interest rates lies in a possible decline in interest rate levels, giving rise to the Group paying more than it otherwise would. As a consequence, movements in interest rates can have a material impact on the Group's interest expense in respect of its indebtedness and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

As the interest costs of any drawings under the Liquidity and Guarantee Facility are higher than the finance costs of the Notes, the Group has experienced and may continue to experience an overall increase in finance costs. Moreover, any additional debt refinancing or restructuring may also increase the Group's finance costs further. For example, the Group will need to refinance, or seek alternative financing arrangements with respect to, its Bridge Facilities Agreement, and there is no assurance that at such time, the Group will be able to obtain financing at favourable rates or at all. Increases in finance costs may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.1.12 ***Exchange control restrictions could hinder the Group's ability to make foreign investments, procure foreign denominated funding and/or repatriate income from foreign investments.***

South African companies are generally not permitted to export capital from South Africa, incur indebtedness denominated in foreign currencies or acquire an interest in a foreign venture without the approval of the Financial Surveillance Department, and are subject to having complied with the investment criteria of the Financial Surveillance Department. The Financial Surveillance Department is the division of the South African Reserve Bank ("SARB") which administers exchange control restrictions. South African companies are also prohibited from using transfer pricing and excessive interest rates on foreign loans as a means of expatriating currency.

While the South African government has relaxed Exchange Controls in recent years, it is difficult to predict what action, if any, the government may take in the future with respect to Exchange Controls. If the government were to tighten Exchange Controls, these restrictions could further hinder the Group's ability to make foreign currency-denominated investments and procure foreign currency-denominated funding in the future and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Exchange controls are also in operation in many countries in which the Group has invested, including Rwanda, Zimbabwe and Ethiopia. Consequently, distributions or other transfers of assets to the Group from its operations or project companies in those countries may be restricted. Repatriation of income may also be hindered by government action, changes in exchange control or periodic US dollar shortages in those countries, and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2 **Risks relating to the Group's industry and business**

6.2.1 ***The Group operates in highly competitive markets and, if it does not compete effectively, its results of operations will be harmed.***

The markets in which the Group operates are highly competitive and are served by a variety of established companies with recognised brand names, as well as new market entrants and increasing import activity. Companies in these markets compete based on a variety of factors, often employing aggressive pricing strategies to gain market share. The ability of the Group to increase and maintain its net sales depends upon its ability to maintain its pricing and volumes. In recent years the lack of economic growth and overcapacity in the industry in certain markets led to very aggressive pricing by producers and importers alike. In addition, in South Africa and Botswana, the increasing power of the major retailers and significant initiatives by some retailers to commoditise cement led to further downward pressure on pricing.

The Group applies different competitive strategies specific to the different types of companies and markets. For example, in the relatively consolidated cement and readymix concrete industries, the Group generally competes based on quality, value proposition and price, and in the more fragmented market for aggregates, the Group generally competes based on capacity, geographical location, product range and price.

The Group's competitors in the cement industry vary from market to market, but on the continent of Africa, the Group believes its major competitors to be LafargeHolcim S.A. ("LafargeHolcim"), Dangote Cement Plc ("Dangote"), HeidelbergCement Group ("HeidelbergCement"), AfriSam Proprietary Limited ("Afrisam") and Natal Portland Cement Company ("NPC"). In addition, low-cost imports from Pakistan and recently China are widely available to coastal markets across Africa. In South Africa, new market entrants, Sephaku Cement and Mamba Cement Company ("Mamba"), have eroded the market share of the existing cement manufacturers.

In certain of the markets in which the Group competes, some of its competitors may be more established, benefit from greater brand recognition or have greater manufacturing and distribution channels and other resources than it does. Some of the Group's competitors are larger, may be more diversified, have greater financial resources, have access to a lower cost of capital and be able to produce cement more efficiently or invest larger amounts of capital into their businesses. The Group could be adversely affected if it is unable to compete with its competitors and sell cement at comparable prices. Recently, due to increased competition in the markets in which the Group operates, the Group has experienced narrowing profit margins because of competitive pressure on selling prices. The Group believes that pressure on pricing due to increased competition in the market, particularly in South Africa, may have reduced the profitability of the industry in Africa.

If any of the current or future competitors of the Group are willing to accept or tolerate lower margins or develop more efficient production facilities and lower cost-to-market solutions, enabling them to sell cement at a significantly lower cost, the Group may be under pressure to lower its pricing, which could adversely affect its business and results of operations. Current and future competitors may also introduce new and more competitive products and supporting services, make strategic acquisitions or establish cooperative relationships among themselves or with third parties, including distributors of the Group's products, thereby increasing their ability to address the needs of the Group's target customers. If the Group cannot compete in pricing, provide competitive products or services or expand into new markets, this could have a material negative effect on its business, financial condition and prospects.

In addition, if competitors of the Group were to consolidate, they may be able to compete more effectively with it and they may dispose of assets, which could lead to new market entrants that further increase competition in the Group's markets.

If the Group is not able to compete effectively, it may lose substantial market share and its net sales could decline or grow at a slower rate. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.2 ***The building materials and construction industries in which the Group operates are cyclical and have been negatively impacted by market volatility in Zimbabwe, Botswana and the Democratic Republic of the Congo and the slowdown in the South African economy which, in turn, has had an adverse effect on the Group's ability to maintain its profit margin and sales volumes.***

The Group operates in the cyclical building materials industry, which is affected by the level of construction activity as well as other trends, which in turn are influenced by a number of factors beyond the Group's control, including:

- performance of national economies in the countries in which the Group operates, as well as the markets into which the Group exports its products;
- monetary and other government policies in each of the countries in which the Group operates that have the effect of encouraging or discouraging infrastructure development, such as long-term interest rates, tax policies, policies discouraging and/or encouraging labour mobility and migration, availability of financing and subsidies; and
- the level of demand in construction activity, which in turn is influenced by macro-economic factors, demographic trends and consumer confidence.

Unfavourable developments with respect to any combination of these factors can have a significant impact on the demand for the Group's products, both in terms of decreased sales volumes and price levels. Because the building materials industry is cyclical, periods of high demand are typically followed by downturns. As the building materials industry is characterised by a high fixed cost base, a decrease in sales volumes and resulting overcapacities and/or a decrease in prices can have a highly negative impact on the Group's operating margins and earnings.

Although solid growth has been experienced in recent months in the Group's sales to certain segments of the construction market in South Africa partly due to a decline in imports resulting from the imposition of import duties, an increase in shipping rates and, more recently, stabilisation and relative strengthening of the Rand to US dollar exchange rate, the economic downturn in the South African economy has negatively impacted the construction industry and has resulted in decreased demand for construction in both the public and private sectors. The South African government has slowed down its expected implementation of infrastructure and housing development. Slowed government spending on infrastructure, political tension and corruption in the developing countries in which the Group operates has also impacted public and private demand. The South African demand for lime in the steel industry has declined in recent years partly due, the Company believes, to slowing Chinese demand for steel, resulting in a global excess of steel supply and increased imports of cheap steel. These conditions have caused one of the Group's significant lime customers to close a plant, and have also led to overcapacity, declining sales volumes and price pressure, and have therefore negatively affected the Group's operations. Even if performance in the market improves, sales volumes might not recover to their historic levels in the near-term. There can be no assurance that additional and/or continuing economic slowdowns in markets important to the Group's operations will not have an increasingly negative impact on the Group's profit margin and sales volumes and, thus, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.3 ***The Group operates in a seasonal industry and could be severely impacted by extreme weather conditions.***

The building materials industry in general is subject to seasonal fluctuations in sales. In South Africa, there has historically been very high demand for cement and cement-related products from September to mid-December followed by lower demand in the latter part of December and January due to the typical builders' holiday period. The Group's revenues tend to correspond to such seasonal variation, with higher revenues in September to mid-December. Inventory build-up is primarily aimed at minimising operations during the high electricity tariff months in South Africa, June to August, and in lieu of major kiln maintenance shutdowns. Outside of South Africa, due to rainy seasons in Ethiopia from June through August, the DRC from April through May and in Rwanda from September through November and to a lesser extent in March and April, cement sales have historically tended to be lower during those periods in those jurisdictions.

In addition, severe adverse weather conditions such as rain and extreme cold can reduce demand by disrupting or curtailing outdoor construction activity or render transport or delivery of the Group's products to some of its customers impossible. Extreme weather conditions, which could increase due to failure of climate change mitigation and adaptation, can cause periodic damage to infrastructure, including the Group's mining and manufacturing and logistics operations and, thus, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.4 ***The introduction of substitutes for cement, concrete or aggregates into the market and the development of new construction techniques could have a material adverse effect on the Group's business, financial condition and results of operations.***

Materials such as plastic, aluminium, ceramics, glass, wood and steel can be used in construction as a substitute for cement, concrete and/or aggregates. In addition, other construction techniques, such as the use of dry walling, could reduce the demand for cement, concrete and/or aggregates. Further, research aimed at developing new construction techniques and modern materials may introduce new products in the future that reduce the demand for cement, concrete and/or aggregates. The use of substitutes for cement, concrete and/or aggregates could cause a significant reduction in the demand and prices for the Group's products in the longer term and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.5 ***The Group may not be able to realise the expected benefits from major projects, some of which may have a material impact on its business, financial condition and results of operations.***

The Group's ability to realise the expected benefits from its projects and other investments, including those forming part of the Expansion Strategy, depends, in large part, on its ability to achieve the expected internal rate of return for each project or investment. Investments into certain areas of the African continent include sovereign, operational and financial risks that may impact the Group's ability to achieve expected business returns from major investments, and any failure to achieve such returns may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is also exposed to specific risks in each of the countries in which it has major projects. For example, the project funding plan for the PPC Barnet Plant in the DRC assumes a project VAT refund, and a delay in receiving the project VAT refund could impact the availability of project funding. Moreover, uncertain markets in the region could cause revenue weakness, particularly due to increased imports which reduces cement prices and new regional capacity. The Group's PPC Barnet Plant project could also be impacted by political instability and uncertainty and the non-availability or poor quality of power in the DRC.

In Zimbabwe, the Harare mill project may not achieve forecasted sales volume and pricing and could be adversely affected by project delays. The Group's Zimbabwean operations could be impacted by loss of market share and reduced pricing due to increased threats of imports and may also experience inadequate water and gypsum supply. The Group also faces potential for poorly performing rail logistics, difficulty with cross-border transfers and an unreliable electricity supply. Further, the Group could be impacted by overall political and economic instability in Zimbabwe. The Zimbabwe operations may also be hampered by the country's constrained foreign reserves which could result in an inability to service foreign loans and/or pay for essential imports, such as plant spares and consumables.

In Ethiopia, the Group may not be able to achieve its business objectives due to the lack of a controlling interest in its Habesha joint venture and the lack of an appropriate safety culture and systems. The Group may also not be able to achieve its business objectives due to competition from new market participants such as Dangote. Additionally, the Group may also not achieve its forecasted project costs, margins and sales volumes and may not be able to meet funding requirements for increased capital cost as described further in "– 6.1.9 The Group bears the risk of loss of the value of its investments" above. While there are no statutory or shareholders agreement restrictions on cash flow repatriation, periodic US dollar shortages can at times result in delayed repatriation of funds.

In Rwanda, the Group is exposed to exchange rate and interest rate fluctuations and cement demand and pricing may not meet projected levels. Severe competition by importers in the Kigali market may negatively impact sales volumes. Political instability in the target export markets of Burundi and eastern DRC may lead to loss of sales. The Group may also be unable to replace a portion of its coal usage with peat, increasing fuel costs and may encounter critical safety issues on its limestone supply route to the factory, as it runs along a densely populated stretch of road.

Any of the above could impact the Group's realisation of the expected benefits from its major projects, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.6 *The Group may experience a business interruption, production curtailment or loss of assets as a result of any significant or prolonged disruption to its production facilities.*

Any prolonged and/or significant disruption to its production facilities, whether due to repair, maintenance or servicing, industrial accidents, unavailability of raw materials or resources such as energy, equipment failure, human error, regulatory stoppage or otherwise, will disrupt and adversely affect the Group's operations. Due to the high fixed-cost nature of a capital intensive business, interruptions in production at any facility may cause the productivity and results of operations to decline significantly during the affected period. The manufacturing processes of producers of building materials and related services are dependent upon critical pieces of equipment such as kilns, mills, storage and material handling equipment and others. On occasion, this equipment may be out of service as a result of strikes, unanticipated failures, accidents or *force majeure* events. Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity or any fire, flood or other natural calamities or communal unrest, government closures or acts of terrorism may disrupt the Group's operations or damage its production facilities or inventories. Although the Group's relatively large number of production facilities in South Africa allows for some flexibility to move production if equipment or production facilities are damaged, destroyed or disrupted, the Group's business, financial condition and results of operations could still be adversely affected.

The Group also faces production disruption risks due to potential for poor maintenance and operating practices or lack of skills and management practices in newer operating facilities; potential unavailability of specialised service providers in under-industrialised countries in which the Group operates; unreliable or long logistics channels; complex and developing legislative requirements; lack of entrenched safety standards in new operations; and adverse weather patterns. Any material disruption to its production facilities could adversely affect its business, financial condition and results of operations. Significant production disruptions at critical plants could also lead to failure to deliver on the Group's business strategy, inability to despatch or deliver final products, reputational damage, adverse safety implications, increased operating costs and environmental non-compliance.

The Group typically shuts down its facilities to undertake maintenance and repair work at scheduled intervals. Although the Group coordinates scheduled shut downs to ensure shut downs do not coincide to the detriment of the Group's operations, the unexpected shut down of any facility may nevertheless have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.7 ***Any disruptions in transport and supply could impact the operations of the Group.***

The production of cement is dependent on a steady supply of various inputs. These inputs are transported to the Group's plants, and cement is transported to the Group's customers. Transport of these inputs and finished products is subject to various bottlenecks and other hazards beyond the Group's control, including poor road and other transport infrastructure, accidents, adverse weather conditions, strikes and civil unrest. Either an increase in the price of transportation or interruptions in transportation of these inputs or finished products could have an adverse effect on the Group's business, financial condition, results of operations and prospects. The Group also maintains business interruption insurance with respect to transport. Notwithstanding any insurance, no assurance can be given that any such disruption will not occur in the future as a result of these factors and that such disruptions will not be material.

The Group delivers the majority of its goods from its plants to the Group's customers through third party transportation providers. The Group's use of third party delivery services is subject to risks that those third parties might face, such as labour shortages and work stoppages, and any disruption, unanticipated expense or operational failure related to these services could negatively affect store operations. If the Group is required to change transportation providers, it may not be able to obtain terms as favourable as its current terms, which could increase its costs. If the Group changes transportation providers, it could face unanticipated logistical difficulties that could adversely impact deliveries and it could incur costs and expend resources in connection with that change. Currently, the Group is highly dependent on the Transnet Freight Rail for inbound and outbound logistics involving clinker and coal. Non-availability of rolling stock, industrial action by drivers, rail safety incidents and both routine and unplanned track maintenance may impact rail operations. Any disruption or any increase in costs related to distribution could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.8 ***The Group's operations may experience disruptions or face increased costs resulting from insufficient electricity supply or poor quality of electricity.***

Cement and lime production requires a high level of both thermal and electrical energy consumption, especially for the calcining and grinding processes. In particular, energy challenges in South Africa (as described further below) and continued energy shortages in the DRC and Zimbabwe affect the availability and quality of bulk power to the Group. The availability of bulk power is critical to the operation of a cement plant as the use of generators increases operational costs to uncompetitive levels. Given these challenges, the quality, sustainable supply and optimisation of both thermal and electrical energy types are key to successful operation. Although the Group strives to secure long-term power supply agreements and incorporates the establishment of a secure electricity supply prior to implementing each new project, the electricity supply situation in all of the Group's current international operations – Botswana, Zimbabwe, DRC, Rwanda and, to a lesser extent, Ethiopia – is at risk of being unreliable. Additionally, inadequate or poor quality power could cause the Group to fail to meet clinker and cement production values, a loss of revenue and increased maintenance costs.

Furthermore, South Africa has experienced national electricity shortages with intermittent, seasonal power outages and the government has occasionally implemented electricity rationing and planned blackouts. Eskom, South Africa's state-owned energy provider, has advised that the national power grid may remain under strain for a number of years until new power stations come online, and regular power cuts remain a possibility during this time. Eskom is the sole supplier of electricity to the Group's South African operations, and no significant alternative sources of supply are available to it. Eskom has suffered from prolonged under-investment in new generating capacity which, combined with increased demand, has led to electricity shortages in recent years. There have been no electricity supply issues materially affecting production since mid-2008, but there can be no assurance that the Group will not experience future electricity supply disruptions, which could have an impact and ultimately result in the shut-down of its production facilities. Over the last decade, Eskom has invested heavily in new base load power generation capacity, but its principal projects, power stations known as Medupi and Kusile, have been subject to delays, with the last units scheduled by 2025. The Group has an agreement with Eskom to participate in voluntary load-shedding if required, but this has not been required at any time in recent years. Eskom is heavily dependent on coal to fuel its electricity plants. Accordingly, if coal mining companies experience disruptions to production for any reason which adversely impact coal supply, Eskom may have difficulty supplying sufficient electricity to the Group. In addition to supply constraints, labour unrest in South Africa has disrupted in the past, and may disrupt in the future, the supply of coal to power stations operated by Eskom and result in curtailed supply.

The Group is required to submit an application to Eskom for adjustments to its electricity allocation in connection with each new major project and the lead time for such applications is expected to be two to three years. There is a risk that Eskom will not approve any adjustments to the Group's annual electricity allocation to cover its forecasted or actual electricity requirements.

While the Group has initiatives to improve electrical and thermal efficiency and to evaluate alternative forms of energy supply, any extended period of planned or unplanned electrical power supply interruptions could result in material disruptions to its operations as well as significantly increased energy or other utility costs, including costs associated with operating any back-up power generators. Operational disruptions could result in higher cost of production, product inconsistency and damage to major electrical equipment, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.9 ***High energy and fuel costs may have a material adverse effect on the Group's operating results.***

The principal elements of the Group's energy costs are electricity expenses and fuel expenses (which include costs for coal, peat and diesel). The Group's results of operations are therefore significantly affected by movements in energy prices and regulatory initiatives to curb carbon emissions as described further in "– 6.2.22 The Group's operations are subject to environmental laws and regulations" below. Although coal prices, the single largest thermal cost for the Group, remained stable and are expected to align to producer price index movement in the near future (as coal price increases typically have tracked producer price index trends closely), electrical energy prices have increased significantly over the past several years. Electrical energy prices may also vary significantly in the future, largely due to tariff increases, inflationary pressures, market conditions and other factors beyond the Group's control. In South Africa in particular, electricity tariffs charged by Eskom have significantly increased in recent years. In the six months ended 31 March 2016, electricity costs were approximately 10% of the Group's total costs. Electricity tariffs are regulated by the National Energy Regulator of South Africa which have approved annual increases to Eskom at a rate of several multiples of the inflation rate since 2007, and this schedule of rate increases is expected to continue until at least 2018. Any future increases in electricity prices, which may be at similarly high levels, could contribute to higher operating costs for the Group as the Group is unable to pass on any significant portion of these increases to its customers.

The Group seeks to protect itself against the risk of energy price inflation through the utilisation of the most efficient production capacity, continuous operational and capital equipment improvements, product range optimisation towards more extended cements, the ability to diversify fuel sources, long-term supply agreements, alternative suppliers, the use of alternative fuels and the ability to partially pass through cost increases to customers. Despite these measures, if high energy prices prevail over significant periods or if the Group encounters increases or significant fluctuations in energy costs, insufficient availability of cost-efficient alternative fuels or the violation of supply agreements, this could have a material adverse effect on the Group's results of operations and profitability. The Group may not be able to adjust its product prices to reflect any or all increases in costs, which may adversely affect operating profits and cash flows, as well as hamper growth and development of new projects and affecting their financial viability, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.10 ***Any limitations on or disruptions to the availability of primary raw materials could have a material adverse effect on the Group's results of operations.***

Availability of the raw materials used in the manufacture of the Group's products at a reasonable cost, in particular limestone of suitable quality, gypsum and other corrective materials, is a significant factor in the operations of the Group. Accordingly, any limitations on the Group's ability to obtain the various raw materials it needs to produce its products and deliver its services could have a material adverse effect on its results of operations. In addition, the Group may be unable to increase selling prices in response to increases in raw materials costs, which may result in a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group maintains its own reserves of limestone, aggregates and other materials that it uses to manufacture its products. Increasingly, however, the Group obtains certain raw materials from third parties who produce such materials as by-products of industrial processes, such as synthetic gypsum, slag and fly ash. While the Group strives to secure its needed supply of such materials through long-term renewable contracts, the Group has not always been, and may not in the future be, able to do so. For example, the Group has experienced limited limestone and peat reserves in Rwanda, which could significantly increase production costs if the Company cannot procure additional quantities of such materials in adequate quantities at a reasonable cost. The Group is also dependent on its AMSA Saldanha Steel agreement for slag and coal, and failure to renew the agreement when it expires in April 2018 could lead to a loss of slag allocation, an increase in coal prices and strengthen competitor activities. Should its existing suppliers cease operations or reduce or eliminate production of these by-products, its costs to procure these materials may increase significantly or the Group may be obliged to procure alternatives to replace these materials which may affect its results of operations.

The Group also faces logistics constraints in obtaining raw materials and product. Topography of a country, such as Rwanda, and the location of production facilities relative to the Group's plant locations cause increased market costs and increased working capital requirements. Additionally, poorly developed road and rail infrastructure, as well as cross-border constraints, could cause production interruptions and failure to meet customer expectations. The Group's supply chain in the DRC for raw materials is long and complex, which increases working capital requirements in the area. Any disruptions to or failures of the Group's logistical raw material supply chain could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.11 ***Shortages and interruptions in the Group's water supply, significant increases in water prices or regional water crises could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

The Group's operations require significant amounts of water. The Group procures water from a variety of sources, ranging from the Group's own boreholes and river-supplied installations to local municipalities. The Group is dependent on the availability of water in its areas of operations and in particular on the ability of the relevant water supplier to provide it with sufficient allocation of water to enable it to conduct its business. Although government interventions, including with support from the Group, have aimed to address this problem, shifting rainfall patterns and increasing demands on the existing water supply have caused water shortages in the Group's areas of operations, particularly in Botswana and Zimbabwe. Water shortages could also lead to a loss in production, air emission non-compliance and a reduction in revenue. If the Group's relevant water supplier is unable to supply the Group with sufficient water or significantly increases prices, the Group could suffer from a reduction in its operating capacity and significantly higher production costs, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Further, extreme weather patterns, like drought or floods, in South Africa and other countries in Africa, and inadequate storage and distribution capacity, could lead to an insecure water supply in the area, which could impact GDP growth in the affected countries and cause health issues for both the communities and the employees of the Group. Socioeconomic impacts of a water crisis could also lead to a decline in the demand for construction activities, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.12 ***The Group depends on its ability to attract and retain skilled personnel in its jurisdictions of operation.***

The Group's ability to support its strategic and operational requirements depends on attracting and retaining talented and skilled personnel in all of the jurisdictions in which it operates. There is a current shortage of skilled and experienced personnel in the cement industry in some of the Group's jurisdictions of operations, particularly in remote rural locations. The competition for qualified employees who are trained and experienced in key skills in the Group's industry has intensified in recent years and may intensify further in the future. The competition for skilled and experienced employees is exacerbated by the limits on expatriates in most jurisdictions in which the Group operates and the fact that the Group is legally obligated to meet the transformational objectives set out in the Department of Labour employment equity targets, the MPRDA and its associated scorecard, the Mining Charter and the Department of Trade and Industries BBBEE Scorecard. The implication of these provisions is that the gender and race profile of the Group must be aligned to the demographic profile of the economically active population of South Africa on a national basis. More specifically, as a condition of the Group's mining rights in South Africa, the Group is required to ensure sufficient participation of historically disadvantaged South Africans ("HDSA") in its management and core and critical skills. For more information, see "– 6.2.19 The failure to maintain equity participation by HDSAs in the Group's prospecting and mining operations could adversely affect the Group's ability to maintain its prospecting and mining rights" below. The Group strives to meet these targets within the proviso that personnel should be suitably qualified for their intended purposes. Failure to meet these targets may result in the Company being subject to administrative sanctions under the applicable legislation which could have a material adverse effect on the Group's business, financial condition or results of operations and prospects.

The Group's ability to execute its strategy and to compete effectively depends on its ability to retain and motivate sufficient numbers of skilled employees at current levels and to attract, retain and motivate such additional numbers as may be needed to maintain desired levels of production and to do so at a commercially viable cost. In addition, a lack of appropriate skills could have a negative impact upon safety, production and the Group's ability to maintain its current level of production. Although the Group has various human resource initiatives in place, the Group cannot give assurance that a lack of skills will not impact its business performance in its jurisdictions of operation, which could ultimately have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.13 ***The success of the Group depends on key members of its management.***

The success of the Group depends largely on the efforts and strategic vision of its executive management team. The loss of the services of some or all of its executive management could have a material adverse effect on the Group's business, financial condition and results of operations.

The execution of the Group's business plan also depends on its ongoing ability to attract and retain additional qualified employees. For a variety of reasons, particularly with respect to the competitive environment and the availability of skilled labour, the Group may not be successful in attracting and retaining the personnel it requires. If the Group is unable to hire, train and retain qualified employees at a reasonable cost, it may be unable to successfully operate its business or capitalise on growth opportunities and, as a result, its business, financial condition, results of operations and prospects could be adversely affected.

6.2.14 ***Labour activism and unrest, or failure to maintain satisfactory labour relations, could adversely affect the Group's results of operations.***

Labour activism and unrest may adversely affect the Group's operations and thereby adversely affect its business, financial condition, results of operations and prospects. While the Group considers its relations with employees to be good, there is no assurance that the Group will not experience labour unrest, activism, disputes or actions in the future, some of which may be significant and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. For further consequences of labour activism or unrest, see "– 6.2.6 The Group may experience a business interruption, production curtailment or loss of assets as a result of any significant or prolonged disruption to its production facilities" above.

6.2.15 ***The Group's administrative and internal controls may be difficult to implement and maintain in newer business environments.***

The Group faces increased complexity as it expands into new business environments and diverse geographies with different regulatory regimes as part of its Expansion Strategy. Whilst the Group strives to ensure appointment of appropriate personnel across all jurisdictions, implement Group standards and procedures for all projects at inception and monitor changes in legal, accounting and taxation regimes, implementation and maintenance of these standards and procedures is more difficult in the Group's newer business environments outside of South Africa. For example, in Ethiopia the Group does not have management control and therefore cannot directly influence the systems and controls of the project. Where the Group has management control of subsidiaries, audit committees are established and periodic internal audit reports are received to assist the Board in discharging its obligations. However, internal controls must be reviewed on an ongoing basis as risks evolve, and the processes to maintain such internal controls involve human diligence and compliance and are subject to lapses in judgment and breakdowns resulting from human error. To the extent that there are deficiencies in administrative and/or internal controls, the accuracy of the Group's financial reporting and/or operations could be affected, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.16 ***Cement production and mining raises a number of health and safety issues which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

As is the case with other companies in the cement industry, some of the Group's aggregate products contain varying amounts of crystalline silica, a common mineral. Also, some of the Group's construction and material processing operations release, as dust, crystalline silica that is in the materials being handled. Excessive, prolonged inhalation of very small-sized particles of crystalline silica has allegedly been associated with respiratory disease (including silicosis). As part of its health programmes, the Group works with its stakeholders to verify that certain health and safety protocols are in place as regards the management of silica and its health effects. Nonetheless, under various laws the Group may be subject to future claims from employees related to exposure to these or other substances.

The Group is also exposed to increased health and safety risks associated with travel as its employees increasingly travel across the African continent. Road safety standards vary throughout the African continent, which could lead to serious injuries and fatalities while traveling. Travel also increases the risk of serious medical issues such as malaria and yellow fever. Other health and safety issues related to the Group's business include: burns arising from contact with hot cement kiln dust; airborne hazards related to its mining activities; noise, including from mobile equipment, milling plants, exhaust fans and blowers; the potential for dioxin formation if chlorine-containing alternative fuels are introduced into kilns; plant cleaning and maintenance activities involving working at height or in confined or other awkward locations, and the storage and handling of coal and certain alternative fuels, which, in their finely ground state, can pose a risk of fire or explosion; and health hazards associated with operating readymix concrete trucks. While the Group actively seeks to minimise the risks posed by these issues through a wide number of integrated processes, personal injury claims may be made and substantial damages awarded against it. The Group may also be required to change its practices, involving material operational and/or capital expenditure.

Specific hazards associated with open-cast mining operations, which are conducted at all of the lime, aggregate and clinker manufacturing sites with mines, include mobile equipment operations, drilling and blasting activities, crushing and screening operations and various maintenance activities. Due to the slopes and depth of some of the mines, hazards for falling from height are also present.

Although the Group has an extensive and integrated health and safety program, due to the nature of the Group's industry, there is also risk of accidents or improper operations. The Group's production facilities require individuals to work in close proximity to various forms of stored and kinetic energy, hot substances and chemicals, equipment and other materials that have the potential to cause harm and injury, or fatalities, when used without due care. An accident or injury that occurs at the Group's facilities or in transit between the Group's facilities could result in disruptions to its business and have legal and regulatory consequences and the Group may be required to compensate such individuals or incur other costs and liabilities, any and all of which could adversely affect its reputation, business, financial condition, results of operations and prospects. A violation of health and safety laws or failure to comply with the instructions of applicable health and safety authorities could lead to, amongst other things, a temporary shutdown of the Group's relevant operations or all of the Group's operations in the relevant jurisdiction, costly litigation, imposition of penalties and sanctions or suspension or revocation of permits and licences and/or the imposition of costly compliance procedures, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Although the Group invests significant resources in occupational health and safety measures, the Group also relies on subcontractors and other third parties whose health and safety standards and practices may be lower than those set by the Group. Notwithstanding the preventative measures which the Group (or any subcontractor) has taken or may take, there can be no assurance that accidents or improper operations will not occur and damage the environment and/or injure the Group's own personnel or third party staff. Although the Group has insurance covering such events, it may not be sufficient, and such events may result in additional costs and fines and may jeopardise the Group's reputation and credibility, which could ultimately have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.17 ***The Group may fail to obtain or renew or may experience material delays in obtaining requisite governmental approvals, licences and permits for the conduct of its business.***

The Group requires various approvals, licences, permits and certificates in the conduct of its business. There can be no assurance that the Group will not encounter significant problems in obtaining new or renewing existing approvals, licences, permits and certificates required in the conduct of its business, or that the Group will continue to satisfy the conditions to which such approvals, licences, permits and certificates are granted. There may also be delays on the part of regulatory and administrative bodies in reviewing the Group's applications and granting approvals. If previously obtained approvals, licences, permits and certificates are revoked and/or if the Group fails to obtain and/or maintain the necessary approvals, licences, permits and certificates required for the conduct of its business, the Group may be required to incur substantial costs or temporarily suspend the operation of one or more of its production facilities or mineral extraction locations, which could have a material adverse effect on its business, financial condition, results of operations and prospects. See also, "– 6.2.19 The failure to maintain equity participation by HDSAs in the Group's prospecting and mining operations could adversely affect the Group's ability to maintain its prospecting and mining rights" below.

6.2.18 ***The Group is subject to the laws and regulations of the countries where it operates and any material changes in such laws and regulations and/or any significant delays in the Group assessing the impact and/or adapting to such changes may have an adverse effect on its business, financial condition, results of operations and prospects.***

The operations of the Group are subject to the laws and regulations of the countries where it operates and such laws and regulations, and/or governmental interpretations of such laws and regulations, may change. Any such change may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Furthermore, changes in laws and regulations and/or governmental interpretations of such laws and regulations in the countries where the Group operates may require it to devote a significant amount of time and resources to assess and, if required, to adjust its operations to any such changes, which could also have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, any significant delays in assessing the impact and/or, if required, in adapting to changes in laws and regulations and/or governmental interpretations of such laws and regulations may also have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In South Africa, the Group is in the process of assessing the impact to its business and the associated costs thereto of the draft proposed amendments to the Mining Charter, as well as the Department of Trade and Industry's Broad Based Black Economic Empowerment Revised Codes of Good Practice, which could negatively influence the BBBEE rating of the Group and have an effect on the compliance framework. Additionally, the new Carbon Tax regulations, effective 1 January 2017, may adversely affect the Group's costs as the Group may be required to incur costs in order to remain compliant. For more information on the Group's BBBEE rating, see "11 Business Description – 11.9 Broad-Based Black Economic Empowerment ("BBBEE"). See also "12 Regulatory Matters" for an overview of the laws and regulations applicable to the Group and its operations.

6.2.19 ***The failure to maintain equity participation by HDSAs in the Group's prospecting and mining operations could adversely affect the Group's ability to maintain its prospecting and mining rights.***

The South African government awards prospecting and mining rights (including the conversion of old order rights to new order rights) based on numerous factors, including the degree of historically disadvantaged South Africans' ("HDSAs") equity ownership of the applicant, and once a prospecting or mining right has been issued by the Department of Mineral Resources ("DMR") it will contain its own requirements regarding empowerment, including HDSA ownership. These must be complied with as a term of condition of the right itself or the holder risks enforcement action under the MPRDA.

In respect of ongoing compliance with the Mining Charter and BBBEE regulations regarding HDSA ownership, it is possible that HDSA investors in Group companies may, in the future, seek to monetise the value of part or all of their equity investment in one or more Group companies to realise a profit on their investment. As discussed in greater detail in the "Regulatory Matters" section, there is some debate over whether the principle of "once empowered, always empowered" (i.e., whether a company that has reached its empowerment targets under the Mining Charter will remain empowered if its HDSA participation subsequently falls below required thresholds) applies under the Mining Charter. If not, the HDSA participation of the relevant Group company could be negatively affected if HDSA participants dispose of some or all of their shares in the relevant Group company, possibly leading to a requirement to facilitate new HDSA participation or the loss of the Group's prospecting and mining rights. The DMR and the South African Chamber of Mines (acting on behalf of mining industry) are currently engaged in litigation which may result in some clarity on the "once empowered, always empowered" principle, but this is likely to be a lengthy process and no assurance can be given regarding the ultimate outcome of such litigation or its impact on the Group. Furthermore, any transactions or equity ownership schemes to increase HDSA ownership in the Group's operating assets could dilute the proportionate ownership and voting interests of Shareholders and/or have an adverse effect on the market value of the Group's shares.

In addition, there have been a number of proposals made at government level in South Africa regarding amendments and clarifications to the methodology for determining HDSA ownership and control of mining businesses. In April 2016, the Minister of Mineral Resources (the "Minister of Mineral Resources") published a draft revised Mining Charter, which is currently being discussed by industry stakeholders and the DMR. The revised Mining Charter will likely contain more onerous HDSA ownership requirements than the current Mining Charter. As a result, the Company cannot predict the scope or timing of any further amendments or modifications to the Mining Charter, the Broad-Based Black Economic Empowerment Act 57 of 2003 (BEE Act) or the Codes of Good Practice published thereunder and the impact that these may have on the Group's business.

In the event, the Group has to increase equity participation by HDSAs in the Group's prospecting and mining operations, the Group may have to provide vendor financing or incur other significant economic costs to increase HDSA participation.

Furthermore, if existing PPC Shareholders who are HDSAs do not take up their rights under the Rights Offer, the Group's HDSA participation levels could be negatively affected, possibly leading to a requirement for the Group to facilitate new HDSA participation or the implementation of proceedings pursuant to Section 47 of the Mineral and Petroleum Resources Development Act 28 of 2002 ("MPRDA") which could ultimately lead to the loss of the Group's prospecting and mining rights. Any non-compliance with the requirements of the Mining Charter, including failure to retain the requisite level of HDSA ownership (if such non-compliance is not corrected within a reasonable time), could result in the Group losing its prospecting and mining rights and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.20 ***The implementation of the Rights Offer will result in the dilution of equity ownership of Shareholders who do not take up their Rights under the Rights Offer.***

To ensure compliance with the Mining Charter, the Group implemented two separate BEE transactions in 2008 and 2012 (namely BBBEE1 and BBBEE2). BBBEE1 (15.3% shareholding) and BBBEE2 (6.5% shareholding) which resulted in the current aggregate BEE shareholding of 20.8% in the Group, which in turn translated into an effective 26% BEE ownership of the Group's South African operations as required by the Mining Charter, based on the then 80%:20% revenue contribution split between the Group's South African and non-South African PPC operations. BBBEE1 is due to unwind in December 2016, whilst BBBEE2 is only due to unwind in 2019. It is anticipated that, in line with the contractual arrangements governing BBBEE1 and BBBEE2 respectively, participants in BBBEE1 will sell their rights under their Letters of Allocation at market value, the proceeds of which will be used to settle BBBEE1 debt, and participants in BBBEE2 will not participate in the Rights Offer and will not sell their rights. Accordingly, the Rights Offer is expected to result in immediate dilution of the Group's BEE ownership credentials, prior to the planned unwinds in December 2016 and December 2019, which would result in further dilution and in the Group's BEE shareholding at the South African operations falling to below the required 26%. The Company has commenced discussions with the DMR to agree a plan to restore the Company's BEE shareholding to the required 26% in respect of its South African operations, but the Company does not expect that such plans will be finalised prior to completion of the Rights Offer. There is a risk that such dilution (if not remedied) could ultimately lead to the loss of the Group's prospecting and mining rights and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.21 ***The Group has been the subject of competition/anti-trust investigations.***

In June 2009, the South African Competition Commission initiated an investigation into cartel conduct in the South African cement industry. In response, the Group initiated an internal investigation, following which it applied, in terms of the South African Competition Commission's Corporate Leniency Policy ("CLP"), for immunity from prosecution in relation to collusive conduct (which includes price fixing, market allocation and/or collusive tendering) between the Group and its competitors, Afrisam, LafargeHolcim and NPC. On 5 November 2009, the Group was granted conditional immunity from prosecution relating to the collusive conduct in terms of an agreement entered into between the Group and the South African Competition Commission ("the Conditional Immunity Agreement").

In terms of the Conditional Immunity Agreement, the Group was required to provide its full co-operation to the South African Competition Commission in its investigation against Afrisam, LafargeHolcim and NPC. Both Afrisam and LafargeHolcim have since admitted their involvement in the cement cartel and entered into settlement agreements with the South African Competition Commission pursuant to which they have each paid administrative penalties. NPC has elected not to settle with the South African Competition Commission and as such, the matter against it is currently pending before the Competition Tribunal. It is expected that the South African Competition Commission will give the Group final immunity once a final determination in the NPC case has been made by the Tribunal or the Competition Appeal Court, as the case may be.

The South African Competition Commission, however, reserved the right to revoke the Group's conditional immunity if, at any stage, the Group does not co-operate in terms of the Conditional Immunity Agreement or fails to fulfil any other condition or requirement set out in the CLP, which includes the Group requesting former employees to testify before the Tribunal, if required. In terms of the Competition Act, if the Group's conditional immunity is revoked, the Group could be liable to pay an administrative penalty of up to 10% of its turnover in the financial year preceding the imposition of the administrative penalty, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.22 ***The Group's operations are subject to environmental laws and regulations.***

The operations of cement, aggregate and lime producers are subject to numerous national and supranational environmental, health and safety laws, regulations, treaties and conventions (together with the other laws and regimes discussed below, "Environmental Regulations"), including those controlling air emissions from such facilities, the production of cement and discharge of materials into the environment, requiring rehabilitation of land, removal and clean-up of environmental contamination, establishing certification, licensing, health and safety, taxes, labour and training standards, or otherwise relating to the protection of human health and the environment. Environmental Regulations expose the Group to the risk of substantial environmental costs and liabilities, including fines and other sanctions, the payment of compensation to third parties, remediation costs and damage to reputation. Moreover, the enactment of stricter laws and regulations, stricter interpretation of existing laws or regulations, or new enforcement initiatives, may impose new risks or costs on the Group or result in the need for additional investments in pollution control equipment, which could result in a material decline in the Group's profitability. For example, in respect of the

Dwaalboom cement production facility in South Africa, the Group will be required to comply with minimum emissions standards applicable to new plants after 31 December 2016.

Cement and lime industry carbon dioxide ("CO_2") emissions result mainly from the chemical process of making clinker and from the combustion of fossil fuels. Compared to other energy-intensive industrial activities, CO_2 emission per unit of financial added value for the cement industry is relatively high. Public concerns over greenhouse gas emissions may lead to significant additional costs for the cement industry. In this regard it is anticipated that a carbon tax will be introduced in South Africa from 1 January 2017. The details applicable to the regime are still being finalised.

There can be no assurance that the Group will be able to meet its stated targets relating to CO_2 emissions or comply with targets that may be imposed upon the cement industry by external regulators. Furthermore, additional, new and/or different regulations in this area, such as the imposition of lower limits than those currently contemplated, could be enacted, all of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is increasingly using alternative fuels and raw materials to reduce CO_2 and other emissions as well as fuel and raw material costs. Some of these alternative fuels could be hazardous and require the Group to use special procedures to protect workers and the environment. When using hazardous waste for this purpose, the abovementioned risks of environmental liabilities or the health and safety liabilities discussed below as well as reputational risk may arise if such procedures are not adhered to, all of which may also have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group could potentially be subject to liabilities relating to the investigation and clean-up of contaminated areas related to waste disposal in current and/or former properties owned, operated or used by the Group, and to claims alleging personal injury or damage to natural resources.

The Group's operations in South Africa are subject to various laws and regulations governing mine closure and mined-land rehabilitation. Amendments of these laws and regulations may result in an increase in the Group's regulatory obligations and compliance costs over time. As estimated costs increase, the Group is required to post increasing amounts of financial assurance to ensure the availability of funds to perform future closure and rehabilitation estimated at rates and on a basis of calculation prescribed by the Department of Environmental Affairs, which will impact the Group's financial provisioning and costs at the affected operations. There is no certainty that the basis of calculation prescribed by the Department of Environmental Affairs will remain stable over time, or that it will prove to be an accurate estimate of the Group's obligations in remediating the sites of its mining activities in South Africa.

Under certain Environmental Regulations, liability associated with investigation or remediation of pollution arising from hazardous substances can arise at a broad range of properties, including properties currently or formerly owned or operated by the Group, as well as facilities to which it sent hazardous substances or wastes for treatment, storage or disposal. Certain laws and regulations may apply without regard to causation or knowledge of contamination. The Group occasionally evaluates various alternatives with respect to its facilities, including possible dispositions or closures.

As environmental laws and regulations are becoming more complex and stringent, the Group's environmental management plans and/or programmes and other environmental licences may be the subject of increasingly strict interpretation or enforcement or become more comprehensive, and could result in increased capital or operating expenditure or financial or other penalties and/or the suspension or loss of the Group's rights. The occurrence of any of these risks could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition to the compliance with approved environmental management plans or programmes under the terms of the MPRDA, prospecting and mining activities might also require permits or licences from various governmental authorities, and such activities are and will be governed by laws and regulations regarding prospecting, mining, land use, and other matters. Companies engaged in prospecting and mining activities generally experience increased costs and delays as a result of the need to comply with applicable laws and regulations, and to obtain permits. There can be no assurance that compliance with these laws and regulations or changes thereto or the failure to obtain necessary permits, licences, approvals or prospecting or mining rights or successful challenges to the granting of such permits, licences, approvals and rights will not adversely affect the Group's business, financial condition, results of operations and prospects.

6.2.23 ***The Group's operations are subject to water use regulation, which could impose significant costs and burdens.***

The Group's operations in South Africa are subject to regulatory controls on their usage and disposal of water. Under South African law, mining operations are subject to water use licenses ("WULs") that govern each operation's water usage and that require, among other things, mining operations to achieve and maintain certain water quality limits regarding all water discharges. Most of the Group's operations have valid WULs or other entitlement to use water. The existing WULs are subject to various conditions, some of which are impracticable for the Group to implement but are still required as a regulatory matter. With respect to such conditions, the Group regularly interacts with the relevant regulatory authorities to discuss alternative compliance measures. Any failure on the Group's part to achieve or maintain compliance with the requirements of the WULs could result in the loss of the relevant water use license, which could curtail or halt production at the affected operation. Any of the above could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In respect of those operations that currently do not hold WULs or have no other entitlement to use water, the Group has applied for the necessary licences or certificates. For as long as the WULs or amendments or renewals remain outstanding, the Group will be exposed to potential liability and enforcement action. There is currently no indication that the relevant authorities are contemplating instituting enforcement proceedings against the Group; however, they may do so in the future. Operating without the requisite WULs or entitlement could result in the relevant operations being halted or suspended which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.24 **Force Majeure *events such as terrorist attacks, war, natural disaster or other catastrophic events may disrupt or otherwise adversely affect the markets, result in loss of customer's confidence, and adversely affect the Group's business, financial condition, results of operations and prospects.***

The Group's business may be adversely affected by terrorist attacks, war, natural disaster or other catastrophe. A catastrophic event could have a direct negative impact on the Group or an indirect impact on it, for example, affecting its customers and suppliers, the financial markets or the overall economy. Although the Group carries insurance cover for most of these events, excluding war, events of this nature in the future could have a material adverse effect on the ability of the Group to continue its operations. As a result, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected by any such events.

6.2.25 ***The Group's insurance coverage may not cover all the risks to which the Group may be exposed.***

The Group faces the risks of loss and damage to its products, property and machinery due to fire, theft, negligence, sabotage and natural disasters such as floods, and also faces risks related to environmental impairment, transport interruption and cyber security. Such events may cause a disruption to construction activities at a Group project or a disruption in or cessation of its operations. While the Group believes that it has adequate and sufficient coverage, in line with industry practices, in some instances its insurance coverage may not be sufficient to cover all of its potential unforeseen losses and liabilities. In addition, the Group's insurance coverage may not cover all the risks to which it may be exposed, such as extended environmental pollution exposures. If its losses exceed its insurance coverage, or if the Group is not covered by the insurance policies it has taken up, the Group may be liable to cover any shortfall or losses. The Group's insurance premiums may also increase because of such claims. In such circumstances, the Group's financial results may be materially adversely affected.

6.2.26 ***The Group is dependent on information technology and its systems and infrastructure, as well as those provided by third-party service providers, face certain risks, including cyber security risks.***

The Group relies on a variety of information technology and automated operating systems to manage or support its operations. The proper functioning of these systems is critical to the efficient operation and management of the Group's business. In addition, these systems may require modifications or upgrades as of a result of technological changes or growth in the Group's business. These changes may be costly and disruptive to the Group's operations, and could impose substantial demands on outage time. The systems of the Group, as well as those provided by its third party service providers, may be vulnerable to damage, disruption or intrusion caused by circumstances beyond the Group's control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorised access and cyber attacks. Although the Group takes actions to secure its systems and electronic information and also has disaster recovery plans in case of incidents that could cause major disruptions to its business, these measures may not be sufficient. Any significant information leakages or theft of information could affect the Group's compliance with data privacy laws and damage the Group's relationship with employees, customers and suppliers, and also adversely impact the business, financial condition, results of operations and prospects of the Group. In addition, any significant disruption to its systems could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.2.27 ***The Group may not be able to protect its trademarks and other intellectual property rights.***

The Group has registered its trademarks and other intellectual property rights in South Africa and several other countries around the world. The Group's trademarks and other intellectual property rights, including design registrations, are important to its success and competitive position, and the Group is susceptible to others imitating its brands and products and infringing on its intellectual property rights. The Group owns its trademarks and brands in all product categories in most of the jurisdictions in which it operates but not in all jurisdictions in which it operates or may operate in the future and, as a result, may experience brand confusion or dilution. For example, the Group has pending trademark applications relating to the registration of cross-border trademarks in certain African jurisdctions, and in other jurisdictions, such as the DRC and Ethiopia, local registrars' practices can be unpredictable. The actions the Group takes to establish and protect its trademarks and other intellectual property rights may not be adequate to prevent imitation of its products by others or other infringement of its intellectual property rights.

The Group's trademarks enjoy significant consumer recognition, counterfeiting and other infringement could dilute the value of the Group's brands and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Additionally, others may seek to invalidate the Group's trademarks or restrict sales of its products as a violation of their trademarks and intellectual property rights. Others may assert rights in, or ownership of, trademarks and other intellectual property rights of the Group or in trademarks that are similar to the Group's or trademarks, and the Group may not be able to successfully resolve these types of conflicts to its satisfaction.

From time to time, in the ordinary course of its business, the Group becomes involved in opposition and cancellation proceedings with respect to trademarks similar to some of its brands. Any litigation or dispute involving the scope or enforceability of the Group's intellectual property rights or any allegation that the Group infringes upon the intellectual property rights of others could result in substantial costs and diversion of management time and resources and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.3 Risks relating to South Africa and other countries in Africa

6.3.1 *Political, social and economic conditions in South Africa and other countries in Africa may reduce demand for the Group's products or have a material adverse effect on the Group's business, financial condition, results of operations and prospects.*

Political, social and economic conditions in South Africa and other countries in Africa may have a significant effect on the Group's business. South Africa's credit ratings were downgraded to BBB – by Standard & Poor's Credit Market Services Europe Limited in December 2015 and to "Baa2/P-2" by Moody's Investors Service in November 2014. In response to rising inflation, the SARB raised interest rates in July 2014, July 2015, November 2015, January 2016 and March 2016. Although annual headline consumer price inflation for all urban areas was 6.1% in May 2016, growth in inflation and continued interest rate hikes, as well as any further downgrade in South Africa's credit ratings, could have an adverse impact on growth and business confidence. Slowing growth in South Africa and other countries in Africa could hinder the Group's growth strategies or otherwise have an adverse impact on its business, financial condition, results of operations and prospects. The depreciation of the South African currency means that the cost of imported goods (including oil, spare parts, equipment and other raw materials) is steadily increasing. Devaluation of local currencies in the African markets in which the Group operates against the US dollar could lead to the inability to purchase raw materials optimally, increased operating costs, reduction in Group EBITDA and higher borrowing levels than anticipated. In Zimbabwe, an acute shortage of US dollars is hampering imports of commodities and equipment. Although the Group has limited foreign imports in South Africa and therefore limited direct exposure to currency fluctuations, the overall impact of this on the South African economy and other of the Group's operating areas may be negative. The strengthening of foreign currency against local currencies is detrimental for the Group in terms of increased input costs and the impact of price increases in the market, particularly in Rwanda and the DRC which are very reliant on import sources.

The key jurisdiction in which the Group operates is South Africa. The Group also has operations in Botswana, Zimbabwe and Rwanda and exports to Mozambique, Zambia, the DRC and Burundi and plans to expand its footprint into other countries in Africa. The Group is currently in the process of finalising the completion of plants in the DRC, Zimbabwe and Ethiopia. Some of these countries do not have firmly established legal and regulatory systems and/or have experienced economic, social or political instability that could affect the Group's business in these countries. For example, there has been:

- uncertainty caused by the upcoming elections in the DRC and Zimbabwe in 2016;
- downward pressure on local currencies;
- challenging economic environments in South Africa, the DRC, Botswana, Zimbabwe, Mozambique and Zambia;
- increased political tension in South Africa, the DRC, Zimbabwe, Rwanda, Mozambique, Zambia and Burundi;
- increased security threats in the DRC, Mozambique and Rwanda;
- an ongoing risk of pandemics in the region;
- public health concerns in the DRC and Zimbabwe;
- a shortage of energy supply in the DRC, Botswana, Rwanda and Zimbabwe;
- decreased funding from international donors and investors in the DRC, Zimbabwe, Mozambique, Zambia and Burundi;
- high levels of government debt in Ethiopia, Zimbabwe, Mozambique and Zambia;
- droughts in South Africa, Botswana, Ethiopia, Zimbabwe and Zambia; and
- negative growth prospects and macroeconomic outlook across the region, except in Rwanda and Ethiopia.

South Africa and other countries in Africa are also affected by persistent socio-economic challenges including in relation to access to adequate education, healthcare, housing or other services, including water and electricity. South Africa, for example, has one of the highest HIV/AIDS infection rates in the world. The exact impact of increased mortality rates due to HIV/AIDS-related deaths and increases in employee-related costs (in terms of increased absenteeism, depressed morale and reduced productivity, in addition to increased recruitment and replacement costs, insurance premiums, benefits payments and other costs of providing treatment) on the cost of doing business in South Africa and the potential growth in the economy is uncertain. Furthermore, in recent years, South Africa and other countries in Africa have experienced high levels of poverty and unemployment as well as prolonged industrial and service delivery action.

Although it is difficult to predict the effect of these problems on businesses in South Africa and other countries in Africa or the response of relevant authorities to solve them, these problems, or the solutions proposed, could impact the Group's customers throughout Africa, which in turn could reduce the Group's sales volumes and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Any political, social and economic instability in the region could negatively affect the economy and its social and political situation which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.3.2 *There are risks associated with investing in emerging markets.*

Emerging markets are typically thought to have certain characteristics and be subject to many risks, including:

- adverse changes in economic and governmental policy;
- abrupt changes in currency values;
- abrupt currency shortages;
- high levels of inflation;
- relatively low levels of disposable consumer income;
- relatively high levels of crime;
- large-scale involuntary migration caused by violence or economic decline;
- volatility in capital markets;
- relatively unstable institutions;
- unpredictable changes in the legal and regulatory environment;
- inconsistent application of existing laws and regulations; and
- slow or insufficient legal remedies.

The Group has operations in South Africa, Botswana, Zimbabwe and Rwanda and is in the process of erecting plants in the DRC and Ethiopia. The Group also exports to other countries in Africa. The Group is also in the process of finalizing the completion of plants in the DRC, Zimbabwe and Ethiopia. Such investments carry sovereign, operational and financial risks, as well as the risk of administrative and control deficiencies in new business environments. There can be no assurance that political, economic, social and other developments in the countries in which the Group operates will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

6.4 Risks related to the Rights Offer and the Rights Offer Shares

6.4.1 *Even though the Rights Offer is underwritten, the underwriting is subject to customary provisions allowing the Joint Bookrunners to terminate the Underwriting Agreement in certain limited circumstances.*

The Joint Bookrunners have agreed to procure subscribers for, or failing which to subscribe and pay for the Rump Shares. However, the Underwriting Agreement includes certain customary termination events which permit the Underwriters to terminate the Underwriting Agreement if those circumstances arise at any time prior to the date of settlement of the Rights Offer. If the Joint Bookrunners are entitled to terminate, and do terminate, the Underwriting Agreement, the amount of proceeds the Company raises from the Rights Offer could be substantially reduced. Because the exercise of the Rights will be irrevocable upon exercise and may not be cancelled or modified after such time, Qualifying Shareholders who have exercised their Rights will be required to complete their purchase of Rights Offer Shares even if the Underwriting Agreement is terminated.

Furthermore, payment of the amounts advanced under the Liquidity and Guarantee Facility are due on 2 November 2016, and since the Group currently does not have an alternative means of funding these obligations, if the Company fails to raise R4 billion in the Rights Offer, it would fail to repay the amounts due. See "– 6.1.1 If the Rights Offer is not successfully completed, the Company is at risk of not having sufficient funds to meet its payment obligations as they fall due."

6.4.2 ***The price of PPC Ordinary Shares may fluctuate.***

The market price of PPC Ordinary Shares is subject to fluctuations due to changes in sentiment in the market in response to various facts and events, any regulatory changes affecting the Group's operations, variations in the Group's results of operations and the business developments of the Group or its competitors or changes in financial estimates by securities analysts. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance or prospects. Furthermore, the Group's operating results and prospects may, from time to time, be below the expectations of market analysts and investors. Any of these events could adversely affect the market price of PPC Ordinary Shares, and PPC cannot ensure that the public trading market prices of the PPC Ordinary Shares will not decline below the Rights Offer Share Price.

6.4.3 ***The Group may be vulnerable to takeover offers which may not reflect the full value of the Group.***

The Company believes that its share price over recent months has not fully reflected the value of the Group and accordingly that any takeover offer, even at a premium to its current share price, for the Group may not deliver what the Company believes to be full value to the Shareholders. In addition, the current share price may make the Company more vulnerable to any such takeover offers.

6.4.4 ***In the future, PPC may not pay dividends at recent levels or at all.***

PPC pays dividends to its Shareholders only if funds are available for that purpose. Whether funds are available depends on a variety of factors, including the amount of cash available, the funding required for the Group's existing projects and the timing at which they become cash generative, the Group's financing costs and other cash requirements existing at the time. Under South African law, PPC is entitled to pay a dividend to its Shareholders only if it meets the solvency and liquidity tests set out in the Companies Act. Given these factors and the Board's discretion to declare a cash dividend, in the future PPC may not pay dividends for any given period. The Board did not declare a dividend for the six months ended 31 March 2016.

6.4.5 ***An active trading market in the Letters of Allocation may not develop.***

An active trading market in the Letters of Allocation may not develop on the JSE during the trading period. In addition, because the trading price of the Letters of Allocation depends on the trading price of PPC Ordinary Shares, the Letter of Allocation prices may be volatile and subject to the same risks as noted above in "– 6.4.2 The price of PPC Ordinary Shares may fluctuate".

6.4.6 ***PPC Ordinary Shareholders' ability to sell a substantial number of PPC Ordinary Shares or Rights may be restricted by the limited liquidity of PPC Ordinary Shares traded on the JSE.***

The principal trading market for the Letters of Allocation and the PPC Ordinary Shares is the JSE. Historically, trading volumes and liquidity of shares listed on the JSE have been lower in comparison with other major international markets. During the six months ended 31 March 2016 and the year ended 30 September 2015, 235 million and 691 million PPC Ordinary Shares were traded on the JSE, respectively, representing 37.7% and 110.7% of PPC's issued share capital as at 31 March 2016 and 30 September 2015, respectively. The relatively lower liquidity of PPC Ordinary Shares traded on the JSE could affect PPC Ordinary Shareholders' ability to sell PPC Ordinary Shares.

6.4.7 ***Qualifying Shareholders who do not acquire Rights Offer Shares will experience dilution in their ownership of PPC.***

If PPC Ordinary Shareholders do not take up the offer of Rights Offer Shares, their proportionate ownership and voting interests in PPC will be reduced and the percentage that their PPC Ordinary Shares will represent of the total share capital of PPC will be reduced accordingly. Even if a PPC Ordinary Shareholder elects to sell his or her unexercised Letter of Allocation, or if such Letter of Allocation is sold on his or her behalf, the consideration he or she receives may not be sufficient to compensate him or her fully for the dilution of his or her percentage ownership of PPC's share capital that may be caused as a result of the Rights Offer.

6.4.8 ***Any future issues of PPC Shares will further dilute the holdings of current PPC Shareholders and could adversely affect the market price of PPC Shares.***

Other than the proposed issue of PPC Ordinary Shares under the Rights Offer or as part of its employee share incentive schemes, PPC has no current plans for an offering of PPC Ordinary Shares other than to meet BBBEE requirements. See "– 6.2.20 The implementation of the Rights Offer will result in the dilution of equity ownership of Shareholders who do not take up their Rights under the Rights Offer." However, PPC may decide to offer additional PPC Ordinary Shares in the future either to raise capital or for other purposes. If PPC Shareholders do not take up such offer of PPC Ordinary Shares or are not eligible to participate in such offering, their proportionate ownership and voting interests in PPC will be reduced and the percentage that their PPC Shares would represent of PPC's total stated capital would be reduced accordingly. An additional offering, or significant sales of shares by major PPC Shareholders, could have a material adverse effect on the market price of PPC Shares as a whole.

6.4.9 ***Shareholders outside South Africa may not be able to receive the Rights Offer Shares and may be diluted.***

Securities laws of certain jurisdictions may restrict PPC's ability to allow participation by PPC Ordinary Shareholders in the Rights Offer. In particular, PPC Ordinary Shareholders who are located in the United States may not be able to exercise their Rights unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The Rights Offer will not be registered under the US Securities Act. Securities laws of certain other jurisdictions may restrict PPC's ability to allow participation by PPC Ordinary Shareholders in such jurisdictions in any future issue of shares carried out by PPC. Qualifying Shareholders who have a registered address in, who are resident in or who are citizens of countries other than South Africa should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive the Letter of Allocation and the Rights Offer Shares.

6.4.10 ***Any future sale of PPC's shares may negatively affect its share price.***

The Group currently has in place two equity settled long-term incentive policies, being: (i) a share appreciation scheme, in terms of which qualifying employees are awarded, in PPC Shares, the difference between the PPC share price on the date of award and the PPC share price on the date on which the share appreciation right is exercised (which date is determined by the Company's remuneration committee in accordance with the rules of the scheme); and (ii) a forfeitable share plan (the "FSP") in terms of which qualifying employees are awarded PPC Shares which have full voting and dividend rights. These shares vest on the date determined by the Company's remuneration committee in accordance with the rules of the scheme, subject to the employee's continued employment with PPC from the date of award. Although total share grants to employees are limited, PPC's share price may be negatively impacted if a significant number of employees who have been granted PPC Shares which have vested sell their shares in the market, or if they are perceived by the market as intending to sell substantial amounts.

PART 7

7. CIRCULAR TO QUALIFYING SHAREHOLDERS

7.1 Introduction

PPC announced on 14 June 2016 that it intends to proceed with a capital raise, targeting gross proceeds (before deducting underwriting fees and other expenses) of R4 billion by way of a Rights Offer to Qualifying Shareholders.

Pursuant to the terms of the Rights Offer, 1,000,000,000 Rights Offer Shares will be offered for subscription to Qualifying Shareholders recorded in the Register at the close of trade (SAST) on Friday, 2 September 2016. Qualifying Shareholders will receive Rights to subscribe for Rights Offer Shares on the basis of 160.06486 Rights Offer Shares for every 100 PPC Ordinary Shares held, at a subscription price of R4.00 per Rights Offer Share.

At the general meeting of PPC Shareholders held on 1 August 2016, PPC Shareholders approved, among other things:

(i) the increase of the existing authorised ordinary stated capital of PPC, being 700,000,000 PPC Ordinary Shares by the creation of a further 9,300,000,000 PPC Ordinary Shares for the purposes of the Rights Offer, such that pursuant to such increase, the authorised ordinary stated capital of PPC comprises 10,000,000,000 PPC Ordinary Shares (the "Increase of the PPC Ordinary Stated Capital");

(ii) amendments to the MOI in order to give effect to the increase of the PPC Ordinary Stated Capital, and that the Secretary of the Company be authorised to authenticate, as a certified true copy, a revised and updated copy of the MOI and to file it with the CIPC;

(iii) the authorisation of the Directors, to the extent required in terms of the provisions of Section 41(3) of the Companies Act, to allot and issue such number of PPC Ordinary Shares in the authorised but unissued stated capital of PPC as are required pursuant to and for the purposes of implementing the Rights Offer, even if such number of PPC Ordinary Shares have voting power equal to or in excess of 30% of the voting rights of all PPC Ordinary Shares immediately prior to such issue. Such authority includes the authority to allot and issue any PPC Ordinary Shares in the authorised but unissued stated capital of PPC to any Underwriter(s) of the Rights Offer (whether or not any such underwriter is a related party to PPC (as defined for the purposes of the Listings Requirements)) and/or a person falling within the ambit of Section 41(1) of the Companies Act, being a Director, future director, prescribed officer or future-prescribed officer of PPC or a person related or inter-related to the Company or related or interrelated to a Director or prescribed officer of PPC (or a nominee of any of the foregoing persons);

(iv) placing of all of the authorised but unissued PPC Ordinary Shares under the control of the Directors with specific authority to issue such PPC Ordinary Shares upon such terms and conditions as they may determine for the specific purpose of implementing the Rights Offer, subject to the provisions of the Companies Act, the MOI and the Listings Requirements; and

(v) that in the event that pursuant to their obligations to underwrite the Rights Offer, one or more of the Underwriters (either alone or together with its respective related, inter-related or concert parties) to the Rights Offer, is able to exercise at least 35% of all of the voting rights attached to the PPC Ordinary Shares, the benefit of a mandatory offer from such Underwriter or Underwriters in terms of section 123 of the Companies Act to acquire any remaining securities of PPC on terms determined in accordance with the Companies Act and the Takeover Regulations, be irrevocably waived as contemplated in Regulation 86(4) of the Companies Regulations.

The JSE and ZSE have agreed to the listing of the Letters of Allocation and the Rights Offer Shares. The purpose of this Circular is to furnish Qualifying Shareholders with relevant information relating to the Rights Offer, the action required of Qualifying Shareholders and the implications of the Rights Offer, in accordance with the Companies Act, the Listings Requirements and the MOI.

7.2 **Rationale for the Rights Offer and Use of Proceeds**

Details of PPC's rationale for the Rights Offer and use of proceeds are set out under "2 Background to and Reasons for the Rights Offer" and "3 Use of Proceeds".

7.3 **Particulars of the Rights Offer**

7.3.1 ***Terms of the Rights Offer***

PPC hereby offers a total of 1,000,000,000 Rights Offer Shares for subscription, upon the terms and conditions set out in this Circular and, insofar as Qualifying Certificated Shareholders are concerned, also as set out in the Form of Instruction. The Rights Offer is made by way of renounceable rights, at a subscription price of R4.00 per Rights Offer Share on the basis of 160.06486 Rights Offer Shares for every 100 PPC Ordinary Shares held by Qualifying Shareholders at the close of business (SAST) on the Record Date.

Qualifying Shareholders recorded in the Register at the close of business (SAST) on Friday, 2 September 2016 will be entitled to participate in the Rights Offer.

The Rights Offer is underwritten, subject to customary conditions, as detailed in "– 7.3.6 Underwriting" and "Underwriting Arrangements".

Excess applications will be allowed as detailed in "– 7.3.8 Excess applications".

The Rights Offer Shares will, upon allotment and issue, rank *pari passu* with all other existing PPC Ordinary Shares and shall be fully paid up and freely transferable.

Certain PPC Shareholders, including Visio Capital Management (Pty) Ltd, acting on behalf of its funds under management and advisement, and Prudential Investment Managers (South Africa) (Pty) Ltd, acting on behalf of its underlying clients, have entered into irrevocable undertakings in favour of the Underwriters to subscribe for, and pay for in full, all of the Rights Offer Shares which such PPC Shareholders are entitled to as of the Record Date, expected to be around 230.5 million Rights Offer Shares in aggregate (the "Irrevocable Rights Offer Shares") representing an aggregate subscription price of approximately R922 million. In consideration for providing this undertaking, each such PPC Shareholder has agreed with the Underwriters that its respective funds under management and advisement and/or underlying clients, which are beneficial holders of PPC Shares, shall receive from the Underwriters a fee equal to 1.0% of the aggregate subscription price paid by it to the Company for the Irrevocable Rights Offer Shares.

Pursuant to the terms of the Underwriting Agreement, an underwriting fee equal to 3% of R4 billion (the gross proceeds of the Rights Offer) is payable by PPC to the Underwriters. Such fee will be reduced by 1% of the aggregate subscription price of Irrevocable Rights Offer Shares which certain PPC Shareholders have irrevocably agreed to subscribe for, expected to be a fee reduction of approximately R9.2 million.

7.3.2 ***Rights Offer period***

The Rights Offer will open at 09:00 (SAST) on Monday, 5 September 2016 and will close at 12:00 (SAST) on Friday, 16 September 2016. The Letters of Allocation will be listed on the JSE from 09:00 (SAST) on Wednesday, 31 August 2016 until close of business (SAST) on Tuesday, 13 September 2016 under Code PPCN and ISIN ZAE000222527. The Letters of Allocation will be listed on the ZSE from 09:00 (SAST) on Monday, 29 August 2016 until close of business (SAST) on Tuesday, 13 September 2016 under Code PPCN and ISIN ZAE000222527.

7.3.3 ***Rights***

Qualifying Shareholders will receive Rights to subscribe for Rights Offer Shares on the basis of 160.06486 Rights Offer Shares for every 100 PPC Ordinary Shares held at the Rights Offer Share Price of R4.00.

The Rights of each Qualifying Certificated Shareholder are reflected in the appropriate block in the Form of Instruction, which is enclosed with this Circular.

Qualifying Dematerialised Shareholders will not receive a printed Form of Instruction. Their CSDP or Broker accounts will be automatically credited with their Rights.

7.3.4 ***Fractional rights***

Only whole numbers of Rights Offer Shares will be issued and Qualifying Shareholders will be entitled to subscribe for rounded numbers of Rights Offer Shares once the Ratio of Entitlement has been applied. Fractional rights of 0.5 or greater will be rounded up and fractional rights of less than 0.5 will be rounded down.

7.3.5 ***Holdings of odd lots in multiples other than 100 shares***

Qualifying Shareholders holding less than 100 PPC Ordinary Shares (if any), or not a whole multiple of 100 PPC Ordinary Shares, will be entitled, in respect of such holdings, to participate in the Rights Offer in the Ratio of Entitlements in accordance with the Table of Rights in Annexure 1.

7.3.6 ***Underwriting***

PPC has entered into the Underwriting Agreement with the Underwriters pursuant to which the Underwriters have severally agreed to procure subscribers for or, failing which, to subscribe and pay for the Rump Shares. The obligations of the Underwriters are subject to customary conditions and termination events.

The Directors have made due and careful enquiry to confirm that the Underwriters are able to meet their commitments in terms of the Rights Offer. Further particulars of the Underwriters are set out in Annexure 2.

Pursuant to the terms of the Underwriting Agreement, an underwriting fee equal to 3% of R4 billion (the gross proceeds of the Rights Offer) is payable by PPC to the Underwriters. Such fee will be reduced by 1% of the aggregate subscription price of Irrevocable Rights Offer Shares which certain PPC Shareholders have irrevocably agreed to subscribe for, expected to be a fee reduction of approximately R9.2 million.

For additional information on the Underwriting Agreement, see "Underwriting Arrangements".

7.3.7 ***Minimum subscription***

The Rights Offer is fully underwritten, subject to certain conditions, as discussed in "– 7.3.6 Underwriting" and "Underwriting Arrangements", and is not conditional on a minimum subscription.

7.3.8 ***Excess applications***

All Rights Offer Shares not taken up pursuant to the terms of the Rights Offer will be available for allocation to Qualifying Shareholders who wish to apply for a greater number of Rights Offer Shares than those offered to them in terms of the Rights Offer. Accordingly, Qualifying Shareholders may also apply for additional Rights Offer Shares in excess of the Rights Offer Shares allocated to that Qualifying Shareholder in terms of the Rights Offer on the same terms and conditions as those applicable to the Rights. The right to apply for additional Rights Offer Shares is transferable on renunciation.

Qualifying Certificated Shareholders wishing to apply for excess Rights Offer Shares should complete the enclosed Form of Instruction in accordance with the instructions contained therein and return it to the Transfer Secretaries at the addresses set out under "1 Action Required by Qualifying Shareholders – 1.1 Action Required by Qualifying Certificated Shareholders", so as to be received by the Transfer Secretaries by no later than 12:00 (SAST) on Friday, 16 September 2016.

Qualifying Dematerialised Shareholders wishing to apply for excess Rights Offer Shares should instruct their CSDP or Broker, in terms of the custody agreement entered into between themselves and their CSDP or Broker, as to the number of excess Rights Offer Shares for which they wish to apply.

An announcement will be released on SENS on or about Monday, 19 September 2016, and published in the South African press on or about Tuesday, 20 September 2016, stating the results of the Rights Offer and the basis of allocation of any additional Rights Offer Shares for which application is made.

The pool of Rights Offer Shares available to meet excess applications will be dealt with as set out below:

- if all the Rights Offer Shares are taken up in the Rights Offer, then no additional Rights Offer Shares will be made available for allocation to applicants;
- if not all of the Rights Offer Shares are taken up in the Rights Offer, the pool of the excess Rights Offer Shares will be allocated equitably, taking cognisance of the number of PPC Ordinary Shares held by each applicant just prior to such allocation, being the Record Date, including those taken up as a result of the Rights Offer and the number of excess applications applied for by such applicant. Rights Offer Shares in respect of excess applications will be issued on Wednesday, 21 September 2016; and
- the Board shall allocate Rights Offer Shares to Qualifying Shareholders who have applied and paid for any Rights Offer Shares pursuant to an excess application in an equitable manner unless such allocation would: (i) result in fractional shares, in which case such allocation shall be rounded to the nearest multiple of one Rights Offer Share (unless the application of the Ratio of Entitlement results in a fractional share of less than 0.5, in which case such allocation will be rounded down to zero); (ii) result in a violation of applicable law or the rules or regulations of a South African governmental authority or the Listings Requirements; or (iii) constitute a breach of the fiduciary duties of the Board (such allocation principles, the "Allocation Principles").

Non-equitable allocations of excess Rights Offer Shares will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 shares.

Any Rights Offer Shares not allocated first to holders of Rights exercising their Rights and then second to persons who have submitted excess applications in accordance with the criteria and the Allocation Principles set forth above shall be allocated to subscribers procured by the Underwriters or, failing which, to the Underwriters themselves subject to the terms and conditions of the Underwriting Agreement. For additional information on the private placement of the Rump Shares, if any, see "Underwriting Arrangements".

Cheques and/or refunding of moneys in respect of unsuccessful applications for additional Rights Offer Shares by Qualifying Certificated Shareholders will be posted to the relevant applicants, at their risk, on or about Wednesday, 21 September 2016. No interest will be paid on moneys received in respect of unsuccessful applications.

7.3.9 ***Procedures for acceptance of Rights***

(a) If you are a Qualifying Certificated Shareholder and/or have had Rights renounced in your favour, and wish to subscribe for all or part of your Rights in terms of the enclosed Form of Instruction, you must complete the enclosed Form of Instruction in accordance with the instructions contained therein and return it to the Transfer Secretaries at the addresses set out under "Action Required by Qualifying Shareholders" so as to be received by the Transfer Secretaries by no later than 12:00 (SAST) on Friday, 16 September 2016. Once received by the Transfer Secretaries, the acceptance is irrevocable and may not be withdrawn.

If payment is not received on or before 12:00 (SAST) on Friday, 16 September 2016, the day of the closing of the Rights Offer, the Qualifying Certificated Shareholder or renouncee concerned will be deemed to have declined the offer to acquire Rights Offer Shares pursuant to the Rights Offer and the Rights will lapse for such Qualifying Certificated Shareholder or renouncee.

Qualifying Certificated Shareholders are advised to take into consideration postal delivery times when posting their Forms of Instruction, as no late postal deliveries will be accepted. Qualifying Certificated Shareholders are advised to, where possible, deliver their completed Forms of Instruction, together with their bank-guaranteed cheques or banker's drafts or proof of payment if by EFT, by hand or by courier.

(b) If you are a Qualifying Dematerialised Shareholder, you will not receive a printed Form of Instruction. You should receive notification from your CSDP or Broker regarding your Rights.

If you wish to follow your Rights, you are required to notify your duly appointed CSDP or Broker of your acceptance of the Rights Offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker.

PPC does not take responsibility and will not be held liable for any failure on the part of any CSDP or Broker to notify you of the Rights Offer and/or to obtain instructions from you to subscribe for the Rights Offer Shares and/or to dispose of your Rights.

7.3.10 ***Procedures for sale or renunciation of Rights***

(a) If you are a Qualifying Certificated Shareholder and do not wish to subscribe for all or part of your Rights as reflected in the Form of Instruction, you may either dispose of or renounce all or part of your Rights.

If you wish to dispose of all or part of your Rights, you must complete Form A in the enclosed Form of Instruction and return it to the Transfer Secretaries to be received by no later than 12:00 (SAST) on Tuesday, 13 September 2016. The Transfer Secretaries will endeavour to procure the sale of your Rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the Transfer Secretaries nor PPC will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained or the failure to dispose of such Rights.

If you wish to renounce all or part of your Rights in favour of any named renouncee, you must complete Form B in the enclosed Form of Instruction, and the renouncee must complete Form C in the enclosed Form of Instruction and return it to the Transfer Secretaries, to be received by no later than 12:00 (SAST) on Friday, 16 September 2016.

(b) If you are a Qualifying Dematerialised Shareholder and wish to dispose of or renounce some or all of your Rights, you should make the necessary arrangements with your CSDP or Broker in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or Broker.

7.3.11 ***Lapse of Rights***

(a) Qualifying Shareholders

The Rights of Qualifying Certificated Shareholders who fail to instruct the Transfer Secretaries as to what action they intend to take or fail to comply with the procedures set out in this section, "– 7.3 Particulars of the Rights Offer", within the timelines stipulated, will lapse and such Qualifying Shareholders will not be entitled to any payment under the terms of the Rights Offer.

Qualifying Dematerialised Shareholders who do not subscribe for, sell or renounce their Rights risk their Rights lapsing if they fail to act in terms of the instructions received from their CSDP or Broker. Should such Rights lapse, they will not be entitled to any payment under the terms of the Rights Offer.

None of PPC, the Underwriters, the Transfer Secretaries or any Broker appointed by them will be responsible for any loss or damage whatsoever suffered by such Qualifying Shareholders in relation to the lapsing of their Rights.

(b) Restricted Shareholders

If a premium can be obtained over the expenses of the sale, the Rights of PPC Ordinary Shareholders with registered addresses or who are resident or located in the United States (subject to certain exceptions) or in any Restricted Territory on the Record Date ("Restricted Shareholders") will be sold by the Transfer Secretaries on the JSE for the benefit of such Restricted Shareholders, in accordance with this section. Any premium over the expenses of the sale of a Restricted Shareholder's Rights (including applicable taxes, brokerage fees and commissions) shall be remitted to such Restricted Shareholder.

Restricted Shareholders who do not sell or renounce their Rights risk their Rights lapsing if they fail to act in terms of the instructions received from their CSDP or Broker. Should such Rights lapse, they will not be entitled to any payment under the terms of the Rights Offer.

None of PPC, the Transfer Secretaries, the Underwriters or any Broker appointed by them or PPC will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales or the remittance of the net proceeds of such sales.

7.3.12 ***Payment***

The amount due on acceptance of the Rights Offer is payable in Rand.

(i) Payment by Qualifying Certificated Shareholders: (i) must be made in full by a bank-guaranteed cheque drawn on a South African bank or banker's draft drawn on a registered commercial bank (each of which should be crossed and marked "not transferable" and, in the case of a cheque, with the words "or bearer" deleted), or EFT (into the designated bank account, details of which are available from the Transfer Secretaries on request by contacting the Transfer Secretaries' call centre for corporate actions on +27(0)861 100,634 in relation to South African Qualifying Shareholders and +263 4 758193 in relation to Zimbabwean Qualifying Shareholders) in favour of "PPC Ltd 2016 Rights Offer"; (ii) must be paid in Rand; and (iii) if made by bank-guaranteed cheque, banker's draft or proof of payment by EFT, must be lodged, posted, faxed or emailed, as the case may be, together with the completed Form of Instruction:

In relation to South African Qualifying Shareholders:

By hand to:

PPC Ltd – Rights Offer
c/o Computershare Investor Services
Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg
2001
South Africa

By facsimile to: +27 (0) 11 688 5210

By post to:

PPC Ltd – Rights Offer
c/o Computershare Investor Services
Proprietary Limited
PO Box 61763
Marshalltown
2107
South Africa

By email to: corporate.events@computershare.co.za

In relation to Zimbabwean Qualifying Shareholders:

By hand to:

PPC Ltd – Rights Offer
c/o Corpserve Transfer Securities (Pvt) Ltd
2nd Floor, ZB Centre
Corner First Street and Kwame Nkurumah Avenue
Harare
Zimbabwe

By facsimile to: +263 4 752 629

By post to:

PPC Ltd – Rights Offer
c/o Corpserve Transfer Securities (Pvt) Ltd
PO Box 2208
Harare
Zimbabwe

By email to: enquiries@corpserve.co.zw

Payment must be received by no later than 12:00 (SAST) on Friday, 16 September 2016.

The Transfer Secretaries will not be responsible for any loss and/or damage whatsoever in relation to or arising from the late or non-receipt of faxed or emailed Forms of Instruction or owing to Forms of Instruction being forwarded to any other facsimile number or email address other than that provided above. Notwithstanding anything to the contrary, it is the Qualifying Shareholder's responsibility to ensure that their Form of Instruction is received by the Transfer Secretaries.

All bank-guaranteed cheques or banker's drafts received by the Transfer Secretaries will be deposited immediately for payment. The payment will constitute an irrevocable acceptance by the shareholder or renouncee of the Rights Offer upon the terms and conditions set out in this Circular and in the enclosed Form of Instruction. In the event that any bank-guaranteed cheque or banker's draft is dishonoured, PPC, in its sole discretion, may treat the relevant acceptance as void or may tender delivery of the relevant Rights Offer Shares to which it relates against payment in cash, in Rand, of the issue price for such shares.

Money received in respect of an application that is rejected, or which is otherwise not validly received in accordance with the terms stipulated, will be posted by registered post by way of a cheque drawn, without interest, in Rand to the applicant concerned, at the applicant's risk, on or about Wednesday, 21 September 2016. If the applicant concerned is not a Qualifying Shareholder and gives no address in the enclosed Form of Instruction, then the relevant refund will be held by PPC until collected by the applicant and no interest will accrue to the applicant in respect thereof.

(ii) Payment by Qualifying Dematerialised Shareholders will be effected on the Qualifying Shareholders' behalf by the CSDP or Broker. The CSDP or Broker will effect payment on a delivery versus payment basis.

7.3.13 ***PPC Preference Shareholders***

Although PPC has authorised 20,000,000 preference shares of R1,000 each, no preference shares have been issued.

7.3.14 ***Overseas Shareholders***

(a) General

The making or acceptance of the proposed offer of the Letters of Allocation and/or Rights Offer Shares to persons who have registered addresses outside South Africa, or who are resident, or located, in, or citizens of, countries other than South Africa, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Rights.

It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside South Africa wishing to take up Rights under the Rights Offer or to transfer their Rights to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtainment of any governmental or other consents which may be required, the making of any filings which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. This section is intended as a general guide only and any Overseas Shareholder who is in doubt as to his or her position should consult his or her professional adviser without delay.

Receipt of this Circular or the crediting of the Letter of Allocation to a CSDP or Broker account will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Circular must be treated as sent for information purposes only and should not be copied or redistributed.

Rights Offer Shares will be provisionally allotted (nil paid) to all PPC Ordinary Shareholders on the Register at the Record Date. However, the Form of Instruction will not be sent to Restricted Shareholders and Letters of Allocation will not be credited to CSDP or Broker accounts of PPC Ordinary Shareholders who are Restricted Shareholders, except where PPC is satisfied that such action would not result in contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Circular and/or Form of Instruction and/or receiving a credit of a Letter of Allocation to a CSDP or Broker account may treat the same as constituting an invitation or offer to him or her, nor should either he or she in any event use the Form of Instruction, unless such an invitation or offer could lawfully be made to him or her or the Letter of Allocation or Form of Instruction could lawfully be used or dealt with without contravention of any registration or other legal requirements. In such circumstances, this Circular and the Form of Instruction are to be treated as sent for information purposes only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this Circular and/or a Form of Instruction or whose CSDP or Broker account is credited with Letters of Allocation should not, in connection with the Rights Offer, distribute or send the same or transfer Letters of Allocation in or into any jurisdiction where to do so would or might contravene local securities laws or regulations, including, but not limited to, the United States and the Restricted Territories. If a Form of Instruction or a credit of a Letter of Allocation is received in his or her CSDP or Broker account by any person in any such territory, or by his or her agent or nominee, he or she must not seek to take up the Rights referred to in the Form of Instruction or in this Circular or renounce the Form of Instruction or transfer the Letter of Allocation unless PPC determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this Circular or a Form of Instruction or transfer a Letter of Allocation into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph and "– 7.3.16 Representations and Warranties".

The Company reserves the right to treat as invalid and will not be bound to allot or issue a Letter of Allocation or any Rights Offer Shares in respect of any acceptance or purported acceptance of the offer of Rights Offer Shares which:

(i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or any Restricted Territory or executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction;

(ii) in the case of a Form of Instruction, provides an address for delivery of share certificates in, or, in the case of a credit of Rights Offer Shares in Strate, to a person with a CSDP or Broker account in Strate who is a Restricted Shareholder or PPC Ordinary Shareholder whose registered address is in the United States or any Restricted Territory or any other jurisdiction outside South Africa in which it would be unlawful to deliver such Form of Instruction or make such a credit; or

(iii) purports to exclude the warranties required by "– 7.3.16 Representations and Warranties".

The attention of Overseas Shareholders who are Restricted Shareholders is drawn to this paragraph and to "– 7.3.16 Representations and Warranties".

Subject to certain limited exceptions, the Letters of Allocation and the Rights Offer Shares may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States. The Rights will not be made available to the holders of PPC ADRs, but the Rights will be sold by the depositary (as the holder of the underlying PPC Ordinary Shares) and the net proceeds distributed to the holders of PPC ADRs.

(b) Member States of the European Economic Area

In relation to other Member States of the EEA that have implemented the Prospectus Directive, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, which is referred to as the relevant implementation date, an offer to the public of any Rights Offer Shares or Letters of Allocation contemplated by this Circular may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Rights Offer Shares or Letters of Allocation which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State may, with effect from and including the relevant implementation date, be made under the following exemptions under the Prospectus Directive:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of Directive 2010/73/EU, 150, natural or legal persons (other than qualified investors, as defined in the Prospectus Directive) as permitted under the Prospectus Directive, subject to obtaining the prior written consent of the Underwriters; and

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Rights Offer Shares shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Rights Offer Shares or Letters of Allocation in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Rights Offer, the Rights Offer Shares and Letters of Allocation to be offered so as to enable an investor to decide to subscribe for or purchase any Rights Offer Shares or Letters of Allocation, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

(c) United States

The Letters of Allocation and the Rights Offer Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States, except to QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Investors who are located in the United States will be required to execute and deliver an Investor Letter set forth in Appendix A to this Circular prior to taking up or transferring Rights in the Rights Offer or acquiring Rights Offer Shares in the Rights Offer.

Accordingly, PPC is not extending the Rights Offer into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, this Circular neither constitutes nor will it constitute an offer or an invitation to apply for, or an offer or an invitation to acquire, any Letters of Allocation or Rights Offer Shares in the United States. Subject to certain exceptions, this Circular will not be sent to any Overseas Shareholder in, or with a registered address in, the United States.

Subject to certain exceptions, any person who acquires Letters of Allocation or the Rights Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Circular, taking up their Rights or accepting delivery of the Letters of Allocation or the Rights Offer Shares, that it is not, and that at the time of acquiring the Letters of Allocation or the Rights Offer Shares it will not be, in the United States or acting on behalf of, or for the account or benefit of, a person on a non-discretionary basis in the United States or any state of the United States.

In addition, until 40 days after the commencement of the Rights Offer, an offer, sale or transfer of the Rights Offer Shares or the Letters of Allocation within the United States by a dealer (whether or not participating in the Rights Offer) may violate the registration requirements of the US Securities Act.

Subject to certain exceptions, PPC Ordinary Shareholders with a registered address in the United States will be treated as unexercising holders and PPC expects that the applicable Rights will be sold by the Transfer Secretaries on behalf of such PPC Ordinary Shareholders. The cash proceeds therefrom will be distributed to such PPC Ordinary Shareholders and be translated into the relevant local currency from Rand at the relevant exchange rate at the relevant time (net of applicable fees, expenses, taxes and charges), in proportion to such PPC Ordinary Shareholder's Right to the Rights Offer Shares. There can be no assurances as to what price such PPC Ordinary Shareholders will receive for such disposal or the timing or exchange rate conversion of such receipt.

The Rights will not be made available to the holders of PPC ADRs, but the Rights will be sold by the depositary (as the holder of the underlying PPC Ordinary Shares) and the net proceeds distributed to the holders of PPC ADRs.

Although Letters of Allocation may be credited to the CSDP or Broker accounts of Qualifying Dematerialised Shareholders: (i) with a registered address, or resident, in one of the Restricted Territories, (ii) in the United States or (iii) with a registered address, or who hold on behalf of persons located in the United States, or who hold on behalf of any person on a non-discretionary basis who is in the United States, or any state of the United States, such crediting of Letters of Allocation does not constitute an offer to Restricted Shareholders and such Restricted Shareholders will not be entitled to take up or transfer Rights in the Rights Offer or acquire Rights Offer Shares in the Rights Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

(d) Restricted Territories

Subject to certain exceptions, the Letters of Allocation and the Rights Offer Shares may not be transferred or sold to, or renounced or delivered in, the Restricted Territories. No offer of Rights Offer Shares is being made by virtue of this Circular into the Restricted Territories.

Although Letters of Allocation may be credited to the CSDP or Broker accounts of Qualifying Dematerialised Shareholders: (i) with a registered address, or resident, in one of the Restricted Territories, (ii) in the United States or (iii) with a registered address, or who hold on behalf of persons located in the United States, or who hold on behalf of any person on a non-discretionary basis who is in the United States, or any state of the United States, such crediting of Letters of Allocation does not constitute an offer to Restricted Shareholders and such Restricted Shareholders will not be entitled to take up or transfer Rights in the Rights Offer or acquire Rights Offer Shares in the Rights Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Subject to certain exceptions, PPC Ordinary Shareholders with a registered address in the Restricted Territories will be treated as unexercising holders and PPC expects that the applicable Rights will be sold by the Transfer Secretaries on behalf of such PPC Ordinary Shareholders. The cash proceeds therefrom will be distributed to such PPC Ordinary Shareholders and be translated into the relevant local currency from Rand at the relevant exchange rate at the relevant time (net of applicable fees, expenses, taxes and charges) to the relevant PPC Ordinary Shareholder, in proportion to such PPC Ordinary Shareholder's Right to the Rights Offer Shares. There can be no assurances as to what price such PPC Ordinary Shareholders will receive for such disposal or the timing or exchange rate conversion of such receipt.

7.3.15 ***Rump Shares***

With respect to any Rump Shares for which subscribers are being procured by the Underwriters or, failing which, will be subscribed for severally by the Underwriters, such Rump Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Rump Shares are being offered and sold outside of the United States in compliance with Regulation S. The Underwriting Agreement provides that the Underwriters may, directly or through their respective US broker-dealer affiliates, arrange for the offer and resale of the Rump Shares within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of Rump Shares, an offer or sale of the Rump Shares within the United States by any dealer may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each purchaser of the Rump Shares within the United States pursuant to Rule 144A, by accepting delivery of this Circular, will be deemed to have represented, agreed and acknowledged that:

- it is: (i) a QIB; (ii) acquiring such Rump Shares for its own account or for the account of a QIB; and (iii) aware, and each beneficial owner of such Rump Shares has been advised, that the sale of such Rump Shares to it is being made in reliance on Rule 144A;
- it understands that the Rump Shares have not been and will not be registered under the US Securities Act and may not be offered, sold, pledged or otherwise transferred except: (i) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB; (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or (iii) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any state of the United States;
- notwithstanding anything to the contrary in the foregoing, the Rump Shares may not be deposited into any unrestricted depositary receipt facility in respect of PPC Ordinary Shares established or maintained by a depositary bank; and
- PPC, the Transfer Secretaries, the Underwriters and their respective affiliates, agents and representatives and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Rump Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Rump Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

7.3.16 ***Representations and warranties***

(a) Qualifying Certificated Shareholders

Any person accepting and/or renouncing their Rights by completing the Form of Instruction represents and warrants to the Company and the Underwriters that, except where proof has been provided to the Company's satisfaction that such person's use of the Form of Instruction, the Letters of Allocation or the Rights Offer Shares, as the case may be, will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or renouncing their Rights from within the United States or the Restricted Territories; (ii) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for Rights Offer Shares and/or transfer the Letters of Allocation; (iii) such person is not accepting or renouncing for the account of a person located within the United States unless (a) the instruction to accept or renounce was received from a person outside the United States and (b) the instructing person has advised such person that it has the authority to give such instruction and that either it (x) has investment discretion or authority over such account or (y) otherwise is acquiring the Rights Offer Shares in an offshore transaction within the meaning of Regulation S; and (iv) such person is not acquiring Rights Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Offer Shares into the United States or the Restricted Territories. The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Offer Shares comprised in the Form of Instruction or renunciation or purported renunciation of the Rights if it: (i) appears to the Company to have been executed in or dispatched from the United States or the Restricted Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement; (ii) provides an address in the United States or the Restricted Territories for delivery of definitive share certificates for Rights Offer Shares (or any jurisdiction outside South Africa in which it would be unlawful to deliver such certificates); or (iii) purports to exclude the warranty required by this paragraph.

(b) Qualifying Dematerialised Shareholders

Any person who makes a valid acceptance in accordance with the procedures set out in this section "– 7.3 Particulars of the Rights Offer" represents and warrants to the Company and the Underwriters that, except where proof has been provided to the Company's satisfaction that such person's use of the Letters of Allocation or the Rights Offer Shares, as the case may be, will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or renouncing their Rights from within the United States or the Restricted Territories; (ii) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for Rights Offer Shares; (iii) such person is not accepting for the account of a person located within the United States unless (a) the instruction to accept was received from a person outside the United States and (b) the instructing person has advised such person that it has the authority to give such instruction and that either it (x) has investment discretion or authority over such account or (y) otherwise is acquiring the Rights Offer Shares in an offshore transaction within the meaning of Regulation S under the US Securities Act; and (iv) such person is not acquiring Rights Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Offer Shares into the United States or the Restricted Territories.

7.3.17 ***Exchange Control Regulations***

The following summary is intended only as a guide and is, therefore, not comprehensive. If Qualifying Shareholders are in any doubt as to the appropriate course of action, they are advised to consult their professional advisers.

Pursuant to the Exchange Control Regulations, non-residents, excluding former residents, of the Common Monetary Area will be allowed to:

- take up Rights in terms of the Rights Offer;
- purchase Letters of Allocation on the JSE; and
- subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE, provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents of the Common Monetary Area for the above purposes must be made through an Authorised Dealer. Electronic statements issued in terms of Strate and any share certificates issued pursuant to such applications will be endorsed "non-resident".

Where a Right becomes due to a former resident of the Common Monetary Area, which Right is based on shares blocked in terms of the Exchange Control Regulations, then only emigrant blocked funds may be used to:

- take up the Rights in terms of the Rights Offer;
- purchase Letters of Allocation on the exchange operated by the JSE; and
- subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the exchange operated by the JSE.

All applications by emigrants using blocked funds for the above purposes must be made through the Authorised Dealer in South Africa controlling their blocked assets. Share certificates issued to such emigrants will be endorsed "non-resident" and placed under the control of the Authorised Dealer through whom the payment was made. The proceeds due to emigrants from the sale of the Letters of Allocation, if applicable, will be returned to the Authorised Dealer for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any Rights Offer Share certificates issued pursuant to blocked Rand transactions will be endorsed "non-resident" and placed under the control of the Authorised Dealer through whom the payment was made. The proceeds arising from the sale of Letters of Allocation or arising from the sale of blocked shares will be credited to the blocked accounts of the emigrants concerned.

Any Qualifying Shareholder resident outside the Common Monetary Area who receives this Circular and Form of Instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such Form of Instruction.

New share certificates issued pursuant to the Rights Offer to an emigrant will be endorsed "non-resident" and forwarded to the address of the relevant Authorised Dealer controlling such emigrant's blocked assets for control in terms of the Exchange Control Regulations of South Africa. Where the emigrant's shares are in dematerialised form with a CSDP or Broker, the electronic statement issued in terms of Strate will be dispatched by the CSDP or Broker to the address of the emigrant in the records of the CSDP or Broker.

The Rights Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and this Circular and Form of Instruction should not be forwarded or transmitted by you to any person in any territory other than where it is lawful to make such an offer.

Restricted Shareholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Rights Offer or trade their Rights.

Qualifying Shareholders holding PPC Ordinary Shares on behalf of persons who are Restricted Shareholders are responsible for ensuring that taking up the Rights Offer, or trading in their Rights under the Rights Offer, does not breach regulations in the relevant overseas jurisdictions.

7.3.18 ***South African law***

No PPC Shareholder should construe the contents of this Circular and the documentation accompanying it as legal or other advice. PPC Shareholders should make their own enquiries and consult their own professional advisers as to the content of this Circular and the documentation accompanying it regarding the acceptance of their Rights in terms of the Rights Offer.

All transactions arising from the provisions of this Circular and the documentation accompanying it will be governed by and be subject to the laws of South Africa. PPC Shareholders agree that any legal action or proceeding arising out of or in connection with this Circular or otherwise shall be brought in the High Court of South Africa (Gauteng Local Division, Johannesburg) and irrevocably consent and submit to the non-exclusive jurisdiction of such court.

7.3.19 ***Tax consequences***

No PPC Shareholder should construe the contents of this Circular and the documentation accompanying it as tax or other advice.

PPC Shareholders are advised to consult their tax, legal and financial advisers regarding any taxation implications pertaining to them regarding the acceptance of their Rights in terms of the Rights Offer. Additional information (which is provided for information purposes only) is provided in the section entitled "Taxation".

7.3.20 ***Documents of title***

New share certificates to be issued to Qualifying Certificated Shareholders in respect of those Rights Offer Shares to which they were entitled and for which they have subscribed will be posted to persons entitled thereto, by registered post, at the risk of the Shareholders concerned, on or about Wednesday, 21 September 2016. Such Certificated Shares are not good for delivery in respect of trades concluded on the JSE until they have been dematerialised.

Qualifying Dematerialised Shareholders will have their accounts at their CSDP or Broker updated with the Rights Offer Shares to which they were entitled and for which they have subscribed on Wednesday, 21 September 2016.

7.3.21 ***Listings***

The JSE has approved the listings of:

- the Letters of Allocation in respect of all of the 1,000,000,000 Rights Offer Shares with effect from the commencement of trade (SAST) on Wednesday, 31 August 2016 to the close of trade (SAST) on Tuesday, 13 September 2016, both days inclusive; and
- 1,000,000,000 Rights Offer Shares with effect from the commencement of trade (SAST) on Wednesday, 14 September 2016.

The ZSE has approved the listings of:

- the Letters of Allocation in respect of all of the 1,000,000,000 Rights Offer Shares with effect from the commencement of trade (SAST) on Monday, 29 August 2016 to the close of trade (SAST) on Tuesday, 13 September 2016, both days inclusive; and
- 1,000,000,000 Rights Offer Shares with effect from the commencement of trade (SAST) on Wednesday, 14 September 2016.

PART 8

8. CORPORATE INFORMATION AND ADVISERS

Directors of PPC

Executive
Darryll John Castle (Chief Executive Officer)
Mmakeaya Magoro Tryphosa Ramano (Chief Financial Officer)

Non-executive
Peter Gill Nelson* (Interim Chairman)
Salukazi Dakile-Hlongwane
Nicky Goldin*
Timothy Leaf-Wright*
Tito Mboweni*
Sydney Knox Mhlarhi
Bridgette Modise*
Todd Moyo*
Charles Naude*
Timothy Dacre Aird Ross*

*Independent

Company Secretary
Jacobus Hendrik De La Rey Snyman

Registered Office
148 Katherine Street
Sandton, 2196
South Africa
PO Box 787416
Sandton 2146
South Africa

Financial Adviser and JSE Sponsor
Merrill Lynch South Africa Proprietary Limited
(Registration number 1995/001805/07)
The Place, 1 Sandton Drive,
Sandton, 2196
(PO Box 651987, Benmore, 2010)
South Africa

Independent auditors to PPC
Deloitte & Touche
Registered Auditors
Deloitte Place, The Woodlands
20 Woodlands Drive, Woodmead, 2196
(Private Bag X6, Gallo Manor, 2052)

Sole Global Coordinator, Joint Transaction Sponsors, Joint Bookrunner and Underwriter
The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
30 Baker Street
Rosebank, 2196
(PO Box 61344, Marshalltown 2107)
South Africa

Joint Bookrunner and Underwriter
Absa Limited, acting through its Corporate and Investment Banking division
(Registration number 1986/004794/06)
15 Alice Lane
Sandton, 2196
(PO Box 7735, Johannesburg, 2000)
South Africa

Joint Transaction Sponsors, Joint Bookrunner and Underwriter
Nedbank Limited, acting through
its Corporate Finance business unit
(Registration number 1951/000009/06)
135 Rivonia Road
Sandton, 2196
(PO Box 1144, Johannesburg, 2000)
South Africa

Joint Bookrunner and Underwriter
Rand Merchant Bank, a division of
FirstRand Bank Limited
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive & Rivonia Road
Sandton, 2146
(PO Box 786273, Sandton, 2196)
South Africa

Transfer Secretaries in South Africa
Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown 2107)
South Africa

Transfer Secretaries in Zimbabwe
Corpserve Transfer Securities (Pvt) Ltd
(Registration number 1999/87)
2nd Floor, ZB Centre
Corner First Street and Kwame Nkurumah Avenue
Harare, Zimbabwe
(PO Box 2208, Harare, Zimbabwe)

Legal advisers to PPC as to South African law
Bowman Gilfillan Inc.
165 West Street
Sandton, 2146
(PO Box 785812, Sandton 2146)
South Africa

Legal advisers to PPC as to US and English law
Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS
United Kingdom

Legal advisers to the Underwriters as to South African law
Webber Wentzel Attorneys
90 Rivonia Road
Sandton, 2196
(PO Box 61771, Marshalltown 2107)
South Africa

Legal advisers to the Underwriters as to US and English law
Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

Date of incorporation of PPC
22 April 1892

Place of incorporation of PPC
South Africa

PART 9

9. SELECTED FINANCIAL AND OTHER INFORMATION

9.1 Selected Financial Information of the Group

The selected consolidated financial information as of and for the six months ended 31 March 2016, and as of and for the years ended 30 September 2015, 2014 and 2013 set out below has been extracted from the Group's Audited Financial Statements, which are prepared in accordance with IFRS. The selected consolidated interim financial information set out below, as of and for the three month period ended 30 June 2016, has been derived from the Reviewed Interim Financial Statements, which are prepared in accordance with IAS 34. The information as of and for the three months ended 30 June 2015 and as of and for the six months ended 31 March 2015, have been derived from management accounts, which have been prepared in accordance with IFRS, and have not been audited or reviewed. See "Important Information – Presentation of Financial Information". Certain of the measures presented below are considered non-IFRS measures. A reconciliation of these measures to their nearest IFRS measure is provided in "– 9.6 Reconciliation of Non-IFRS Measures" below.

9.2 Selected Consolidated Statement of Comprehensive Income

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September		
	2016	2015	2016	2015	2015	2014	2013
(R millions unless otherwise noted)	*(reviewed)*	*(unaudited)*	*(audited)*	*(unaudited)*		*(audited)*	
Revenue	**2,425**	**2,278**	**4,501**	**4,541**	**9,227**	**9,039**	**8,316**
Cost of sales	1,795	1,569	3,261	3,206	6,437	6,266	5,546
Gross profit	**630**	**709**	**1,240**	**1,335**	**2,790**	**2,773**	**2,770**
Administration and other operating expenditure	251	301	489	554	1,130	1,030	853
Operating profit before empowerment IFRS 2 charges	379	408	751	781	1,660	1,743	1,917
Empowerment IFRS 2 charges	8	9	18	25	43	38	141
Operating profit	371	399	733	756	1,617	1,705	1,776
Fair value (loss)/gains adjustments on financial instruments	(15)	3	(20)	(1)	22	38	25
Finance costs	220	134	330	276	518	505	404
Investment income	3	6	12	11	28	53	22
Profit before equity accounted earnings and exceptional adjustments	**139**	**274**	**395**	**490**	**1,149**	**1,291**	**1,419**
(Loss)/earnings from equity accounted investments	–	–	–	(3)	(16)	24	20
Impairments	–	(3)	(5)	(44)	(81)	(111)	(13)
Other exceptional adjustments	–	–	117	1	–	1	12
Profit before taxation	**139**	**271**	**507**	**444**	**1,052**	**1,205**	**1,438**
Taxation	58	102	156	163	391	356	507
Profit for the period	**81**	**169**	**351**	**281**	**661**	**849**	**931**
Attributable to:							
Shareholders of PPC Ltd	87	198	369	274	698	840	931
Non-controlling interests	(6)	(29)	(18)	7	(37)	9	–
Earnings per share (cents)							
Basic	17	38	70	52	133	160	178
Diluted	16	38	69	51	131	158	175

9.3 Selected Consolidated Statement of Financial Position

	As at 30 June		As at 31 March		As at 30 September		
	2016	**2015**	**2016**	**2015**	**2015**	**2014**	**2013**
(R millions)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
ASSETS							
Non-current assets	**13,955**	**10,609**	**13,579**	**9,802**	**12,202**	**8,938**	**6,411**
Property, plant and equipment	12,082	8,854	11,716	8,009	10,648	7,223	5,522
Goodwill	258	248	255	249	254	268	101
Other intangible assets	738	752	766	774	772	681	232
Equity accounted investments	200	219	200	219	125	223	410
Other non-current assets	621	516	590	536	355	534	146
Deferred taxation assets	56	20	52	15	48	9	–
Non-current assets held for sale	**42**	**–**	**42**	**–**	**76**	**–**	**–**
Current assets	**2,879**	**2,627**	**2,768**	**2,480**	**2,979**	**2,637**	**2,465**
Inventories	1,070	1,045	1,121	944	1,029	894	923
Trade and other receivables	1,197	1,096	1,187	1,072	1,232	1,180	1,050
Cash and cash equivalents	612	486	460	464	718	563	492
Total assets	**16,876**	**13,236**	**16,389**	**12,282**	**15,257**	**11,575**	**8,876**
EQUITY AND LIABILITIES							
Capital and reserves							
Stated capital	(1,113)	(1,165)	(1,113)	(1,141)	(1,165)	(1,173)	(1,236)
Other reserves	1,555	942	1,558	941	1,402	733	539
Retained profit	2,667	2,189	2,583	2,123	2,406	2,255	2,257
Equity attributable to Shareholders of PPC Ltd	**3,109**	**1,966**	**3,028**	**1,923**	**2,643**	**1,815**	**1,560**
Non-controlling interests	520	695	535	757	521	603	582
Total equity	**3,629**	**2,661**	**3,563**	**2,680**	**3,164**	**2,418**	**2,142**
Non-current liabilities	**7,495**	**7,380**	**6,729**	**6,628**	**8,813**	**7,186**	**4,900**
Deferred taxation liabilities	1,165	938	1,178	980	1,059	1,030	1,063
Provisions	414	401	408	388	400	374	348
Long-term borrowings	5,373	5,897	4,614	5,216	6,711	5,740	3,462
Other non-current liabilities	543	144	529	44	643	42	27
Current liabilities	**5,752**	**3,195**	**6,097**	**2,974**	**3,280**	**1,971**	**1,834**
Short-term borrowings	4,236	1,557	4,557	1,556	1,510	351	584
Trade and other payables and short-term provisions	1,516	1,638	1,540	1,418	1,770	1620	1,250
Total equity and liabilities	**16,876**	**13,236**	**16,389**	**12,282**	**15,257**	**11,575**	**8,876**

9.4 Selected Consolidated Statement Of Cash Flows

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September		
	2016	2015	2016	2015	2015	2014	2013
(R millions unless otherwise noted)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Net cash inflow from operating activities	143	413	149	224	1,288	831	1,343
Net cash outflow from investing activities	(555)	(1,013)	(1,283)	(999)	(2,995)	(2,840)	(1,219)
Net cash inflow from financing activities	571	660	849	632	1,772	1,898	94
Net movement in cash and cash equivalents	159	60	(285)	(143)	65	(111)	218
Cash and cash equivalents at end of the period	612	486	460	464	718	563	492
Cash earnings per share (cents)	27	103	63	123	351	325	404

9.5 Other Selected Figures

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September		
	2016	2015	2016	2015	2015	2014	2013
	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Group EBITDA (R millions) [(1)]	574	580	1,144	1,123	2,362	2,358	2,440
Group EBITDA margin (%) [(1)]	23.7	25.5	25.4	24.7	25.6	26.1	29.3
Headline earnings per share (cents)	14	38	53	60	145	179	179
Normalised earnings per share (cents)	14	38	56	61	148	175	214

1. The Group defines Group EBITDA as profit before taxation; other exceptional adjustments; impairments; (loss)/earnings from equity accounted investments; investment income, finance costs; fair value adjustments on financial instruments; depreciation; amortisation and empowerment transactions IFRS 2 charges. The Group defines Group EBITDA margin as Group EBITDA divided by revenue.

9.6 Reconciliation of Non-IFRS Measures

This Circular contains certain measures which are not measures defined by IFRS and which are used by the Group to assess the financial performance of its businesses. For the Group, these measures include Group EBITDA, Group EBITDA margin, headline earnings, headline earnings per share, normalised earnings, normalised earnings per share and cash earnings per share. For additional information on the definition of these measures and the reasons for their inclusion, see "Important Information – Non-IFRS Measures".

	For the three months ended 30 June		**For the six months ended 31 March**		**For the financial year ended 30 September**		
	2016	**2015**	**2016**	**2015**	**2015**	**2014**	**2013**
(R millions unless otherwise noted)	(reviewed)	(unaudited)	(audited)	(unaudited)	(audited)		
Group EBITDA [(1)]							
Profit for the period	81	169	351	281	661	849	931
Taxation	58	102	156	163	391	356	507
Profit before taxation	**139**	**271**	**507**	**444**	**1,052**	**1,205**	**1,438**
Impairments and other exceptional adjustments	–	3	(112)	43	81	110	1
Equity accounted investments	–	–	–	3	16	(24)	(20)
Investment income	(3)	(6)	(12)	(11)	(28)	(53)	(22)
Finance costs	220	134	330	276	518	505	404
Fair value adjustments on financial instruments	15	(3)	20	1	(22)	(38)	(25)
Depreciation	173	146	348	293	612	543	488
Amortisation	22	26	45	49	90	72	34
Empowerment transactions IFRS2 charges	8	9	18	25	43	38	142
Group EBITDA [(1)]	**574**	**580**	**1,144**	**1,123**	**2,362**	**2,358**	**2,440**
Group EBITDA margin [(1)]							
Group EBITDA [(1)]	574	580	1,144	1,123	2,362	2,358	2,440
Group Revenue	2,425	2,278	4,501	4,541	9,227	9,039	8,316
EBITDA margin [(1)] (%)	**23.7**	**25.5**	**25.4**	**24.7**	**25.6**	**26.1**	**29.3**
Headline earnings							
Profit for the period	81	169	351	281	661	849	931
Impairment loss on goodwill	–	–	–	22	22	65	6
Impairment loss on property, plant and equipment	–	3	4	22	57	46	6
Realised gains on disposal of investments	–	–	(117)	–	–	–	–
Other adjustments	–	–	1	–	2	(1)	(10)
Taxation impact	–	(1)	24	(2)	(15)	(12)	2
Headline earnings	**81**	**171**	**263**	**323**	**727**	**947**	**935**
Attributable to:							
Shareholders of PPC Ltd	87	201	281	316	759	927	935
Non-controlling interests	(6)	(30)	(18)	7	(32)	20	–
Headline earnings per share (cents)							
Earnings per share (cents)	17	38	70	52	133	160	178
Impairment loss on goodwill	–	–	–	8	4	12	1
Impairment loss on property, plant and equipment	–	–	–	–	11	9	1

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September		
	2016	2015	2016	2015	2015	2014	2013
(R millions unless otherwise noted)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Realised gains on disposal of investments	–	–	(22)	–	–	–	–
Other adjustments	–	–	–	–	–	–	(2)
Taxation impact	–	–	5	–	(3)	(2)	1
Headline earnings per share (cents)	**17**	**38**	**53**	**60**	**145**	**179**	**179**
Normalised earnings							
Profit for the period	81	169	351	281	661	849	931
Normalised adjustments [(2)]	–	2	(76)	46	82	79	188
Normalised earnings	**81**	**171**	**275**	**327**	**743**	**928**	**1,119**
Attributable to:							
Shareholders of PPC Ltd	87	201	293	320	775	908	1,119
Non-controlling interests	(6)	(30)	(18)	7	(32)	20	–
Normalised earnings per share (cents)							
Earnings per share (cents)	17	38	70	52	133	160	178
Normalised adjustments [(2)]		–	(14)	9	15	15	36
Normalised earnings per share (cents)	**17**	**38**	**56**	**61**	**148**	**175**	**214**

1. The Group defines Group EBITDA as profit before taxation; other exceptional adjustments; impairments; (loss)/earnings from equity accounted investments; investment income, finance costs; fair value adjustments on financial instruments; depreciation; amortisation and empowerment transactions IFRS 2 charges. The Group defines Group EBITDA margin as Group EBITDA divided by revenue.
2. Normalised adjustments adjusts the profit for the period for the effects of empowerment transaction IFRS 2 charges, restructuring costs, impairments and other exceptional adjustments net of taxation and prior year taxation adjustments.

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September		
	2016	2015	2016	2015	2015	2014	2013
	(reviewed)	(unaudited)	(audited)	(unaudited)	(audited)	(audited)	(audited)
Cash earnings per share (cents)							
Cash available from operations (R millions)	143	539	334	647	1,847	1,711	2,113
Total weighted average number of shares in issue (millions)	528	527	528	527	526	526	523
Cash earnings per share (cents)	**27**	**103**	**63**	**123**	**351**	**325**	**404**

10. OPERATING AND FINANCIAL REVIEW

The following review of the Group's financial condition and operating results should be read in conjunction with the financial information of the Group included or referred to elsewhere in this Circular, "Risk Factors", "Business Description" and the respective financial statements and related notes which have been prepared in accordance with IFRS and incorporated by reference into this Circular.

On 16 September 2015, the Board approved the change in the Company's year-end from September to March, effective from 2016. The Company believes that the March year-end is better aligned with the Group's administrative processes given the growth in, and increasing complexity of, the business.

This review contains forward-looking statements based on current expectations and assumptions about the Group's future business. The actual results of the Group may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Circular, including under "Risk Factors" and "Certain Forward-looking Statements".

10.1 Overview

The Group provides materials and solutions into the basic services sector. As a leading supplier of cement and related products in southern Africa, the Group has nine cement manufacturing facilities, three milling depots, five blending facilities and 26 readymix batching plants in South Africa, Botswana, Zimbabwe and Rwanda that can produce up to 8.5 million tonnes of cement products each year. The Group's combination of high quality products and geographic footprint allows it to meet customer requirements in parts of South Africa, Botswana, Zimbabwe, DRC and Rwanda. As part of its strategy and long-term plan to grow revenue from outside of South Africa, the Group is expanding its operational footprint into the rest of Africa, including DRC, Ethiopia and Zimbabwe. The Group also produces aggregates, metallurgical-grade lime, burnt dolomite, fly ash and readymix.

10.2 Key Factors Affecting Results of Operations

The Company believes that the following factors have had, and may continue to have, a material effect on the Group's financial condition and results of operations.

10.2.1 *Macro-economic environment and demand trends*

The Group's results of operations are directly correlated to the level of construction activity and investment in infrastructure in the countries and regions in which it operates, which in turn are influenced by national and regional macroeconomic factors such as GDP growth rates and gross fixed capital formation.

South Africa

South Africa's economy grew by 1.3% in 2015, down from 1.5% in 2014 and 2.2% in 2013, according to preliminary estimates of real GDP by Statistics South Africa. The main contributor to the slowdown was agriculture, which contracted by 8.4% under severe drought conditions. This was the largest annual fall in agriculture production in South Africa since 1995. Growth in manufacturing was marginal in 2015 at 0.1%. Notwithstanding an expansion of 2.5% in gross fixed capital formation in 2015, the slowing of the South African economy negatively impacted construction and demand for cement during the period under review, and as a consequence, the Group's cement sales.

Rest of Africa

Botswana's GDP fell by 0.3% in 2015 due to the decline in global demand for diamonds and copper. Management has been in regular contact with the government of Botswana on issues that will capacitate the local industry to serve national objectives. The Group also consolidated its operations and has seen improved sales volume and profitability over the past two years from positioning its business as a major supplier of construction aggregates in the greater Gaborone and Francistown markets. Additionally, the increase in cement capacity and competitiveness in the southern African region during the period under review has affected pricing and volume in all of the Group's segments. Consequently, the Group's sales volumes in Botswana have declined for the period under review, negatively affecting Group EBITDA. However, the Group maintained market leadership through focus on its brand, operational efficiencies and cost competitiveness.

The economy of the Democratic Republic of the Congo ("DRC") decelerated notably in 2015, although at 7.7%, real growth remained relatively high despite the adverse impact of low-trending commodity prices. The Group's selling prices in the DRC deteriorated as low-cost imports from neighbouring Angola increased markedly on the back of local exchange-rate variations. Ultimately, the decline in selling prices following the increase of low-cost imports had a negative impact on the Group's profitability over the period under review. For information on recent regulations impacting cement imports into the DRC, see "13 Industry Overview – 13.3 Cement industry by region – DRC".

The African Economic Outlook reports that real GDP growth in Rwanda increased from 4.7% in 2013 to 7.0% in 2014, exceeding the projected 6.0%. Formal economic production in Rwanda is dominated by the services sector. Rwanda's long-term development plan, Vision 2020, has the main objective of transforming the country into a services-based, middle-income country by the end of 2020. The government aims to establish Rwanda as a regional financial centre, transform and revamp transport and logistics and strengthen ICT infrastructure. These efforts could ultimately lead to growth of local cement demand. During the six months ended 31 March 2016, the Group's new CIMERWA plant has reached 60% of capacity since commissioning. For more information on the Group's CIMERWA plant, see "– 10.2.6 Acquisitions and Capital Expenditure – CIMERWA Limited" below.

Domestic cement demand in Zimbabwe dropped significantly over the period under review after several years of growth. This reflected a poor agricultural season, tighter market liquidity, increased local competition and lower disposable incomes. Supported by weakening regional currencies against the US dollar and increased regional capacity, imports from neighbouring countries have grown despite a number of barriers to entry. To maintain market leadership, the Group reduced pricing, especially in border areas. Lower sales volumes were offset by the benefits of improved operational efficiencies from prior initiatives. Overall, the Group's Zimbabwe operations, including exports, recorded sales volume declines and reduced profitability during the period under review.

10.2.2 ***Competition***

The cement industry both in South Africa and in the rest of Africa is highly competitive. The South African market has historically been supplied by PPC, AfriSam, LafargeHolcim and NPC, while South Africa's new entrants Sephaku Cement and Mamba Cement have taken market share from the traditional producers as a result of lower selling prices.

While the South African cement industry has seen increased competition, total imports have dropped substantially in spite of declining shipping rates as a result of anti-dumping duties imposed on imported cement as well as the continued weakening of the Rand. Low-cost imports from Pakistan have been widely available for coastal operations across Africa. However, the International Trade Administration Commission ("ITAC") imposed anti-dumping duties of 14% to 77% on Portland cement originating in or imported from Pakistan from December 2015 which will be enforced for five years in South Africa. Since imposing these duties, imports from Pakistan have declined in KwaZulu-Natal, Eastern Cape and Western Cape. For the calendar year ended 31 December 2015, cement imports in South Africa fell by 38% to 820,160 tonnes. For the six months ended 30 June 2016, imports were estimated at 156,424 tonnes according to management, 69% down from 502,467 tonnes for the six months ended 30 June 2015.

10.2.3 *Sales volumes*

The table below sets out the Group's sales volumes of cement, aggregates, readymix and lime during the period under review.

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September	
	2016	**2015**	**2016**	**2015**	**2015**	**2014**
Cement (kt)	1,415	1,298	2,614	2,629	5,349	5,479
Aggregates (kt)	799	758	1,405	1,313	2,938	3,087
Readymix (km^3)	141	132	239	218	511	225
Lime (kt)	239	250	413	486	985	966

The Group's cement sales volumes during the period under review have been under pressure in most of regions in which the Group operates. However, there has been a reversal of this trend for the three months ended 30 June 2016, during which the Group's cement sales volumes rose by 9%.

In South Africa, the entrance of new cement suppliers into the market has negatively impacted the Group's cement sales volumes in the Gauteng and inland regions (Mpumalanga, Limpopo and North West provinces) over the period under review. The Group's cement sales volumes in the coastal regions (Eastern and Western Cape provinces) have been hurt by cement imports during the period under review; however, the recent introduction of anti-dumping duties has led to improvement in the Group's cement sales volumes in the coastal regions. For the three months ended 30 June 2016, the Group's cement sales volumes in the coastal regions rose by more than 30%, compared to the three months ended 30 June 2015.

According to Nexia Levitt Kirson, cementitious sales volumes (including imported cement) for South Africa rose by 3.1% for the calendar year ended 31 December 2015. By contrast, the Group's South African equivalent sales volumes declined by 0.6%.

Cement sales volumes in Zimbabwe, including cement exports, have been on a downward trend during the period under review. Domestic cement demand in Zimbabwe has fallen due to poor agricultural harvests, tighter market liquidity and general economic weakness. Exports from Zimbabwe have been negatively affected by weakening regional currencies against the US dollar as well as increased regional cement capacity.

The increase in cement capacity and competitiveness in the southern African region has also negatively affected the Group's cement sales volumes in Botswana.

In Rwanda, the Group has experienced positive sales volumes since the six months ended 31 March 2016 as a result of its newly commissioned 600,000 tonnes per annum plant. For the six months ended 31 March 2016, the plant sold 124,000 tons of cement, and for the three months ended 30 June 2016, volumes in excess of 60,000 tons were sold.

Aggregates sales volumes tend to fluctuate in line with available sales opportunities local to the Group's quarries. Typically, aggregates are supplied to the readymix concrete and concrete manufacturer segments as well as to commercial and road construction projects. The Group's aggregates sales volumes have been positively impacted by increasing demand for the six months ended 31 March 2016 and the three months ended 30 June 2016.

The Group's readymix sales volumes have increased steadily during the period under review since its acquisition of Pronto Readymix in July 2014. The Group's access to quality readymix concrete and mortars has been further supplemented with the recent acquisition of 3Q, which the Company believes will further improve the Group's sales volumes in this category.

The Group's lime sales volumes have largely been under pressure during the period under review due to weakness in the steel industry. The local steel industry is by far the largest consumer of lime in the South African market. The Group has recently introduced a niche product, "milk-of-lime", to be marketed to customers who use lime slurry in their production process.

10.2.4 *Selling prices*

As a result of competition and overcapacity in the South African cement industry, the Group has experienced declining margins due to lower selling prices in South Africa and the Group's limited ability to pass on cost increases to customers during the period under review. The increase in cement capacity and competitiveness in the southern African region has also impacted selling prices in the Botswanan market. Following the recent devaluation of the Rand and other regional currencies against the US dollar, PPC Zimbabwe's ability to compete in the export market has been negatively impacted. This negative impact has been compounded by rising levels of imports into the country.

Product quality consistency, continuity of supply (aided by multiple manufacturing sites), prompt delivery by industry standards and technical product support has enabled the Group to maintain its pricing. The Group has maintained a policy of deliberate and calculated pricing, incentive and promotional initiatives to remain competitive and support brand confidence, further strengthened by its technical support services.

As a result, while the Group defended and grew sales volume, in the three months ended 30 June 2016, average selling prices in the Group's South African cement operations declined by 7% compared to the three months ended 30 June 2015. Average selling price for the six months ended 31 March 2016 declined by 4% from the six months ended 31 March 2015. In the financial year ended 30 September 2015, average selling prices in the Group's South African cement operations declined by 2% compared to the financial year ended 30 September 2014.

10.2.5 *Cost of energy, raw materials, labour and transportation*

The major elements of the Group's production costs are distribution, material expenses, energy-related costs and human capital costs. The Group's results of operations are therefore significantly affected by movements in the prices of raw materials, fuel and electricity. Cement production requires a high level of energy consumption, especially for the burning and grinding processes. In the six months ended 31 March 2016, electricity costs were approximately 10% of the Group's total costs. Electricity tariffs charged by Eskom have increased in recent periods and Eskom was granted permission by the National Energy Regulator of South Africa to raise electricity tariffs by 16% per annum from 2013 to 2018. Consequently, for many years, the Group has mitigated the trend of rising energy costs by partly substituting thermal energy with alternative fuels and by reducing the clinker content in the final cement product.

The Group's results also reflect its disciplined cost management as a result of implementing its PIP in May 2015 with the aim of delivering R400 million in sustainable savings over a three-year period through revenue optimisation of R130 million, cost efficiencies of R150 million and strategic cost reductions of R120 million. Operational cost reduction initiatives under PIP include reduction in the Group's head office costs, reduction in the number of underutilised fixed amount contracts with logistics suppliers and improved critical stock management. For more information on the Group's Liquidity and Capital Plan, which includes PIP along with additional measures that the Company believes will impact the Group's results going forward, see "– 10.6 Liquidity and Capital Resources" below.

During the six months ended 31 March 2016, the Group generated a further R178 million in savings from the PIP after having realised R212 million for the financial year ended 30 September 2015, largely on the back of improved cost efficiencies and strategic cost reductions. The success of this programme is evident in cost of sales increasing 2% to R3,261 million for the six months ended 31 March 2016 (2015: R3,206 million), while administration and other operating expenditure declined by 12% to R489 million compared to the same period in the prior year (2015: R554 million). This resulted in administration and other operating expenditure as a percentage of revenue decreasing to 10.9% for the six months ended 31 March 2016 from 12.2% for the six months ended 31 March 2015.

Cost of sales for the Group's South African cement business for the six months ended 31 March 2016 (the South African cement business representing 53% of the Group's total revenue for the six months ended 31 March 2016), was 3% lower compared to the same period in the prior year on a Rand per tonne basis, and fixed costs were 11% lower compared to the prior year. Cost savings were realised from refractories, maintenance, depreciation and power.

10.2.6 *Acquisitions and capital expenditure*

Since 2010, the Group has undertaken an Expansion Strategy to diversify its operations both within South Africa and into other African countries, including Rwanda, the DRC, Zimbabwe and Ethiopia. This expansion has been achieved through acquisitions of interests in other companies and investments in both greenfield and brownfield expansion.

In the financial years ended 30 September 2015, 2014 and 2013, the Group invested a total of R3,000 million, R2,847 million and R1,236 million, respectively, on acquisitions and capital expenditure, of which expansion projects accounted for 90%, 67% and 78%, respectively, of the investments. In the three months ended 30 June 2016 and the six months ended 31 March 2016, the Group invested a total of R555 million and R1,263 million, respectively, on acquisitions and investments, of which expansion projects accounted for 87% and 68%, respectively, of the investments.

These acquisitions and investments were funded primarily from long-term debt which has resulted in a highly leveraged statement of financial position. Due to the long-term nature of the expansion projects, the Company believes that the return on these investments will only be fully realised once the projects are commissioned and reach capacity, which happens as the plants commence production and penetrate their respective markets. In the Group's experience, it can take up to 30 months to build a cement plant. Capital to build the plant is committed during the construction phase. Once construction is completed and production starts, depreciation commences and finance costs, which were previously capitalised to the plant during the build phase as pre-comissioning costs, are expensed to the income statement. In the first one to two years of production, Group EBITDA generation is low due to the production ramp-up and market penetration while fixed costs of production are incurred irrespective of the level of production achieved. As production ramps up materially in the second and third year, the cement plant starts to generate bottom line profit. For more information on the timeframe for the Group's projects, see "11 Business Description – 11.5 Business Activities and Processes – 11.5.2 Regions".

As a result of the investments noted above, the Group is highly geared with R9.6 billion of external debt, despite its asset base of R16.9 billion as at 30 June 2016. The Group's external debt includes R1.75 billion in bonds, R5.2 billion in long-term debt and R2.6 billion in short-term debt as at 30 June 2016. Of the R1.75 billion in bonds, R1.614 billion was redeemed on 15 July 2016 with draw-downs from the Group's Liquidity and Guarantee Facility that are expected to be repaid by the Group with the proceeds from the Rights Offer, as described further in "2 Background to and Reasons for the Rights Offer – 2.2 Reasons for the Rights Offer".

The Group's significant acquisitions during the period under review are described below. The Group's ongoing expansion projects are described further in "11 Business Description – 11.5 Business Activities and Processes – 11.5.2 Regions".

Significant recent acquisitions

Pronto Holdings (Proprietary) Ltd ("Pronto")

In July 2014, PPC acquired the remaining 50% equity stake in Pronto, having acquired 25% in 2012 and 25% in 2013, making it a wholly-owned subsidiary. Pronto is a prominent Gauteng-based readymix and fly ash supplier, with nine readymix batching plants. This acquisition provided PPC with additional means to increase its cement distribution channel while also expanding its range of complementary products available to the building and construction industry. In total, the Group incurred R459 million of debt in connection with the acquisition of Pronto over a two year period.

Safika Cement Holdings (Proprietary) Ltd ("Safika Cement")

During December 2013, PPC acquired an initial 69.3% equity stake in Safika Cement for R377 million, with the company being consolidated into the Group from January 2014. During 2015, PPC acquired a further 21.1% for R108 million when one of the put options, held by the previous owners of the business, was exercised. The remaining put option was exercised for a purchase consideration of R44 million after receiving approval from Shareholders at PPC's AGM in January 2016. After the granting of the put options, Safika Cement issued a 5% shareholding to specific management employees to incentivise and retain key management through a notional vendor funding mechanism. Following the exercise of the put options, PPC now holds 95% of Safika Cement.

This transaction further enhanced PPC's South African footprint through Safika Cement's five blending facilities and one milling operation that produce blended 32.5N cement under three brands: IDM Best Build, Castle and the Spar Build-It house brand.

CIMERWA Limited ("CIMERWA")

In February 2013, PPC acquired a 51% equity stake in CIMERWA, a Rwandan cement company, for a transaction value of US$69 million with US$15 million being paid to previous shareholders of the company. A further US$54 million was used to subscribe for new shares in CIMERWA of which US$31 million was paid during the 2013 financial year and the balance settled during the financial year ended 30 September 2014. In the second half of 2015, CIMERWA Limited commissioned its 600,000 tpa cement plant near Mashyuza, Rusizi, Rwanda at a cost of US$165 million.

Habesha Cement Share Company ("Habesha")

During July 2012, PPC acquired a 27% equity stake in Habesha, an Ethiopian public company, for a purchase consideration of R102 million. Since the initial investment in Habesha, PPC has increased its equity stake in the company to 35%, with the most recent investment of R75 million made during the six months ended 31 March 2016 when PPC took up additional shares in a rights offer made by Habesha bringing PPC's total investment in Habesha to R196 million.

3Q Mahuma Concrete Proprietary Limited ("3Q")

With effect from 1 July 2016, PPC acquired 100% of 3Q for a purchase consideration of R135 million, funded through an asset-for-share transaction and 17,565,872 new PPC Ordinary Shares were issued. At the time of the acquisition, 3Q was one of the largest independent readymix concrete providers in South Africa. The Company believes that this acquisition not only progresses the Company's channel management strategy but also serves as a complementary platform to grow cement sales but also increases the Group's service offering in its readymix business.

For more information on the Group's projects associated with its Expansion Strategy, see "11 Business Description –11.5 Business Activities and Processes – 11.5.2 Regions".

10.2.7 *Redemption of the Notes*

On 30 May 2016, S&P released a report on PPC which reflected a decline in ratings from zaA/zaA-2 to zaBB-/zaB long- and short-term South Africa national scale (the "Ratings Downgrade"). As a result of the Ratings Downgrade, Noteholders of outstanding notes ("Notes") issued under PPC's domestic medium-term note programme ("Note Programme") had the right to elect that the Company redeem their Notes (value of R1.75 billion) at par plus accrued interest. Whilst the Group has secured a Liquidity and Guarantee Facility as an interim measure (as described further in "– 10.8 Borrowings and Contractual Obligations" below), the partial early settlement of the Notes has negatively impacted the Group's short-term liquidity, as R1.614 billion of Notes previously payable from 2018 to 2021 were redeemed on 15 July 2016 with the drawings under the Group's Liquidity and Guarantee Facility now classified as short-term borrowings.

10.2.8 *Currency exchange rates*

The Group's results are affected by exchange rate fluctuations.

Foreign currency exchange rate impact on transactions

The Group is exposed to exchange rate fluctuations as it undertakes transactions denominated in foreign currencies in the normal course of business, particularly between the US dollar (or the Euro) and the Rand. During the period under review, the US dollar to Rand exchange rate fluctuated from an average of R9.2070 for the 12 months ended 30 September 2013, to R10.5343 and R11.9367 for the same period in 2014 and 2015, respectively. For the six months ended 31 March 2016, the average US dollar to Rand exchange rate was R15.0183. For the Group's South African cement business, the majority of the production and overhead costs are incurred in Rand, but the company is directly exposed to costs denominated in US dollars and Euro for its maintenance spares and packaging materials and also indirectly exposed to currency movements impacting its distribution, energy and raw materials costs, with total energy costs accounting for around 25% of total production costs. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts (as described further under "–10.9 Financial Risk Management – Foreign currency management" below).

The amounts below represent forward exchange contract commitments to purchase foreign currencies:

	<One year	**One to three years**	**Total**
(R millions)			
As at 30 June 2016	322		322
As at 31 March 2016	449	–	449
As at 30 September 2015	479	–	479
As at 30 September 2014	327	140	467
As at 30 September 2013	13	–	13

Total forward exchange contracts comprise the following:

	As at 30 June	**As at 31 March**	**As at 30 September**	
	2016	**2016**	**2015**	**2014**
Euro (€ million)	1	–	1	1
Average rate R/€[1]	17.05	16.54	14.76	15.72
US dollar (US$ million)	23	29	34	39
Average rate (R/US$)[1]	13.64	13.13	12.99	11.92

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

Foreign exchange translation effects

The Group is exposed to translation risk as its foreign subsidiaries report in different currencies to that of the holding company (as described further under "– 10.9 Financial Risk Management – Foreign currency management").

The Group and Company annual financial statements are presented in South African Rand, being the Company's functional currency. 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 prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling the reporting date. Non-monetary items that are retranslated at the rates prevailing at the date when fair value was determined and non-monetary items that are measured in terms on historical cost in a foreign currency are not translated. The Group recognises gains and losses arising on exchange rate differences in profit or loss.

Both Zimbabwe and the DRC operations have the US dollar as their functional currencies while Rwanda and Botswana use the Rwandan Franc and Botswana Pula as their functional currencies respectively. The US dollar is the foreign currency which most significantly impacts the translation of the Group's results.

10.3 Current Trading and Prospects

Trading since 30 June 2016 has been in line with the Company's expectations and consistent with the trends shown in the first quarter.

On 1 July 2016, PPC finalised a transaction to acquire a 100% shareholding in 3Q Mahuma Concrete Proprietary Limited. The purchase consideration of R135 million was settled via the issue of 17,565,872 new PPC Ordinary Shares which were admitted to listing on the JSE on 4 July 2016.

10.4 Description of Key Line Items

A description of the Group's key line items are set out below.

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 customers.

Administration and other operating expenditure

Administration and other operating expenditure represents costs that are not directly incurred in producing cement, lime, aggregates and readymix or distributing the respective products to customers. These costs typically include selling expenses, head office activities, costs relating to the execution of the Group's strategy that cannot be capitalised to the respective acquisition projects and debt provisions.

10.5 Results of Operations for the Group

The following table summarises the Group's results of operations for the three months ended 30 June 2016 and 2015, the six months ended 31 March 2016 and 2015 and the financial years ended 30 September 2015, 2014 and 2013.

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September		
	2016	**2015**	**2016**	**2015**	**2015**	**2014**	**2013**
(R millions unless otherwise noted)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Revenue	**2,425**	**2,278**	**4,501**	**4,541**	**9,227**	**9,039**	**8,316**
Cost of sales	1,795	1,569	3,261	3,206	6,437	6,266	5,546
Gross profit	**630**	**709**	**1,240**	**1,335**	**2,790**	**2,773**	**2,770**
Administration and other operating expenditure	251	301	489	554	1,130	1,030	853
Operating profit before empowerment IFRS 2 charges	**379**	**408**	**751**	**781**	**1,660**	**1,743**	**1,917**
Empowerment IFRS 2 charges	8	9	18	25	43	38	141
Operating profit	**371**	**399**	**733**	**756**	**1,617**	**1,705**	**1,776**
Fair value (loss)/gains adjustments on financial instruments	(15)	3	(20)	(1)	22	38	25
Finance costs	220	134	330	276	518	505	404
Investment income	3	6	12	11	28	53	22
Profit before equity accounted earnings and exceptional adjustments	**139**	**274**	**395**	**490**	**1,149**	**1,291**	**1,419**
(Loss)/earnings from equity accounted investments	–	–	–	(3)	(16)	24	20
Impairments	–	(3)	(5)	(44)	(81)	(111)	(13)
Other exceptional adjustments	–	–	117	1	–	1	12
Profit before taxation	**139**	**271**	**507**	**444**	**1,052**	**1,205**	**1,438**
Taxation	58	102	156	163	391	356	507
Profit for the period	**81**	**169**	**351**	**281**	**661**	**849**	**931**
Attributable to:							
Shareholders of PPC Ltd	87	198	369	274	698	840	931
Non-controlling interests	(6)	(29)	(18)	7	(37)	9	–
Earnings per share (cents)							
Basic	17	38	70	52	133	160	178
Diluted	16	38	69	51	131	158	175

10.5.1 ***The three months ended 30 June 2016 compared to the three months ended 30 June 2015***

Revenue

The Group's revenue increased by 6.4%, from R2,278 million for the three months ended 30 June 2015 to R2,425 million for the three months ended 30 June 2016. This increase was due to increased revenue of 2% from cement sales in South Africa (representing 9% in the Group's South African cement sales volumes) partially offset by a weaker pricing environment compared to the same period in the prior year. The growth in the Group's South African cement sales volumes was largely due to reduced import activity in the coastal regions. Revenues from outside of South Africa rose by 18.7% as a result of significant volume growth from our newly commissioned plant in Rwanda as well as gains from currency translations in Zimbabwe and Botswana. The Materials business recorded a 1% increase in revenues despite some weakness in lime sales volumes.

Cost of sales

The Group's cost of sales increased by 14.4% to R1,795 million for the three months ended 30 June 2016 from R1,569 million for the three months ended 30 June 2015. This increase was mainly due to increased costs associated with higher sales volumes in the Group's South African cement business and logistics costs increasing by 3% due to increased lead distances. This increase was partially offset by good costs management at the Group's South African cement business, including utilisation of logistics, reduced maintenance and refractory costs, improvement procurement and optimisation of energy usage, with cost of sales, on a per tonne basis, being in line with those recorded during the previous financial year. The weakness of the Rand also contributed to rising cost of sales with respect to the Group's consolidation of foreign currency denominated subsidiaries.

Gross profit

The Group's gross profit decreased by R79 million, or 11.1%, from R709 million for the three months ended 30 June 2015 to R630 million for the three months ended 30 June 2016. This decrease was mainly due to the impact of selling price pressures experienced in all of the Group's key cement operating countries, together with lower sales volumes in Zimbabwe and Botswana.

Administration and other operating expenditure

The Group's administration and other operating expenditure decreased by R50 million, or 16.6%, from R301 million for the three months ended 30 June 2015 to R251 million for the three months ended 30 June 2016. This decrease was due to benefits achieved by the Group's PIP, as described in "– 10.2.5 Cost of energy, raw materials, labour and transportation", combined with savings from lower marketing costs, mainly due to the timing of marketing activities compared to the same period in the prior year, and lower IRFS 2 charges on the Group's long-term incentive schemes.

Finance costs and investment income

The Group's finance costs, including fair value adjustments on financial instruments, increased by R104 million, or 79.4%, from R131 million for the three months ended 30 June 2015 to R235 million for the three months ended 30 June 2016. This increase was due to the commissioning of the CIMERWA plant in September 2015, which has resulted in additional finance costs of R53 million being expensed to the income statement, in comparison to the same period in the prior year where the finance costs were being capitalised to property, plant and equipment in terms of pre-commissioning costs, amortisation of the raising and transaction fees incurred in concluding the Liquidity and Guarantee Facility and the Bridge Facilities Agreement, amounting to R39 million in total and higher level of borrowings within the Group.

Impairments and other exceptional adjustments

The Group's impairments and other exceptional adjustments decreased by R3 million, from a negative adjustment of R3 million for the three months ended 30 June 2015 to nil for the three months ended 30 June 2016 as no impairments were processed during the three months ended 30 June 2016.

Taxation

The Group's taxation decreased by R44 million, or 43.1%, from R102 million, at an effective taxation rate of 37.6%, for the three months ended 30 June 2015 to R58 million, at an effective taxation rate of 41.7%, for the three months ended 30 June 2016. The decrease in the taxation charge is a result of the Group's lower profit before taxation, while withholding taxes of R19 million on dividends declared from subsidiary companies increased the effective taxation rate.

Profit attributable to Shareholders of PPC Ltd

The Group's profit attributable to Shareholders of PPC Ltd decreased by R111 million, or 56.1%, from R198 million for the three months ended 30 June 2015 to R87 million for the three months ended 30 June 2016. This decrease was due to reduced gross profits, higher finance costs and increased withholding taxation, partially offset by savings in administration and other operating expenditure.

10.5.2 ***The six months ended 31 March 2016 compared to six months ended 31 March 2015***

Revenue

The Group's revenue decreased by R40 million, or 0.9%, from R4,541 million for the six months ended 31 March 2015 to R4,501 million for the six months ended 31 March 2016. This decrease was due to a 1% decrease in total cement sales volumes and lower cement selling prices in South Africa, as well as lower revenues in Zimbabwe and Botswana caused by lower export volumes from Zimbabwe while higher volumes in Botswana were offset by reduced selling prices and a 12% decline in revenue from the lime business caused by reduced offtake from the steel and alloys industries. The revenue decrease was partially offset by an increase in revenues from the recently commissioned CIMERWA plant in Rwanda and positive six-month impact from the aggregates and readymix operations.

Cost of sales

The Group's cost of sales increased by R55 million, or 1.7%, from R3,206 million for the six months ended 31 March 2015 to R3,261 million for the six months ended 31 March 2016. This increase was due in part to the full six-month impact of CIMERWA's commissioned operation in Rwanda from September 2015 and associated depreciation charges, offset by good cost management, including utilisation of logistics, reduced maintenance and refractory costs, improvement procurement and optimisation of power usage, in the South African and Botswana cement businesses, as well as the Group's lime division. Cost of sales in the South African cement business was down 3% on a per tonne basis for the period.

Gross profit

The decline in revenue combined with the marginal increase in cost of sales resulted in gross profit decreasing by R95 million, or 7.1%, from the R1,335 million achieved for the six months ended 31 March 2015 to R1,240 million for the six months ended 31 March 2016.

Administration and other operating expenditure

The Group's administration and other operating expenditure decreased by R65 million, or 11.7%, from R554 million for the six months ended 31 March 2015 to R489 million for the six months ended 31 March 2016. The Group's PIP, as described in "– 10.2.5 Cost of energy, raw materials, labour and transportation", generated R178 million in cost savings for the six months ended 31 March 2016, after realising R212 million for the financial year ended 30 September 2015. The total of R390 million in savings comprised mainly operational efficiencies and overhead reductions. Operational efficiencies included logistical efficiencies (such as fleet utilisation), further optimisation of the most efficient production facilities and procurement benefits (i.e., benefits from contract negotiations and improved material sourcing).

Finance costs and investment income

The Group's finance costs, including fair value adjustments on financial instruments, increased by R73 million, or 26.4%, from R277 million for the six months ended 31 March 2015 to R350 million for the six months ended 31 March 2016. This increase was mainly due to interest of R88 million expensed to the income statement post the commissioning of CIMERWA's plant in Rwanda in contrast to the prior reporting period when interest was being capitalised to property, plant and equipment during the commissioning phase of the plant.

Impairments and other exceptional adjustments

Impairments and other exceptional adjustments amounted to R112 million following the profit of R117 million made on the sale of non-core assets in the first quarter of the 2016 calendar year, being Afripack and Ciments du Bourbon, partially offset by impairments of R5 million on property, plant and equipment and loans advanced while in 2015 the Group had an exceptional loss of R43 million which arose on the impairment of goodwill on Pronto of R22 million and impairments of plant and equipment of R22 million reduced a reversal of a previous impairment of R1 million.

Taxation

The Group's taxation charge decreased by R7 million, or 4.3%, from R163 million for the six months ended 31 March 2015, at an effective tax rate of 36.7%, to R156 million for the six months ended 31 March 2016, at an effective tax rate of 30.8%. This decrease was mainly due to the inclusion of capital profits made on the disposal of non-core assets and favourable prior-year tax reassessments.

Profit attributable to shareholders of PPC Ltd

Profit attributable to PPC Shareholders increased by R95 million, or 34.7%, from R274 million for the six months ended 31 March 2015 to R369 million for the six months ended 31 March 2016. The increase can be ascribed to profit made on the sale of non-core assets partly offset by increased finance charges. In line with this, headline earnings per share ended 11.7% lower at 53 cents (six months ended 31 March 2015: 60 cents) while normalised earnings per share of 56 cents was 8.2% lower than the prior year.

10.5.3 ***The financial year ended 30 September 2015 compared to the financial year ended 30 September 2014***

Revenue

The Group's revenue increased by R188 million, or 2.1%, from R9,039 million for the financial year ended 30 September 2014 to R9,227 million for the financial year ended 30 September 2015. This increase was due to revenue growth from Zimbabwe, resulting from the favourable impact of the depreciation of the Rand against the US Dollar despite lower sales volumes, and Botswana, due to growth in sales volume partially offset by lower selling prices; the full year impact of Safika Cement and Pronto; and the securing of new customers in the lime business. Revenue growth was offset in part by the decline in South African cement revenue as a result of both lower sales volumes and reduced selling prices. Revenue from the Group's Rest of Africa portfolio increased by 8%, from R2,432 million for the financial year ended 30 September 2014 to R2,624 million for the financial year ended 30 September 2015, favourably impacted by the devaluation of the Rand against the US dollar and Botswana Pula. On a like-for-like basis (excluding the impacts of the Safika Cement and Pronto acquisitions), the Group's revenue would have declined 3% from R8,561 million for the financial year ended 30 September 2014 to R8,320 million for the financial year ended 30 September 2015.

Despite challenging market conditions, Group EBITDA for the financial year ended 30 September 2015 ended marginally above the prior year at R2,362 million (2014: R2,358 million), with a Group EBITDA margin of 25.6% (2014: 26.1%). In the absence of the PIP, Group EBITDA would have been 10% lower. The movement against the prior year can be ascribed to lower profitability in the South African cement business which was offset by the consolidation of new businesses and improved profitability from lime, Zimbabwe and the Botswana cement division. Excluding restructuring and corporate action costs, Group EBITDA was 4% higher at R2,424 million.

Cost of sales

The Group's cost of sales increased by R171 million, or 2.7%, from R6,266 million for the financial year ended 30 September 2014 to R6,437 million for the financial year ended 30 September 2015. On a like-for-like basis (excluding the impacts of the Safika Cement and Pronto acquisitions), cost of sales would have declined 2% from R5,960 million for the financial year ended 30 September 2014 to R5,825 million for the financial year ended 30 September 2015 due to a 2% decline in variable delivered cost of sales per tonne by the South African cement business. Variable delivered cost of sales comprises outbound logistics and variable cost of sales.

Gross profit

As a result of the reasons mentioned above, the Group's gross profit increased by R17 million, or 0.1%, from R2,773 million for the financial year ended 30 September 2014 to R2,790 million for the financial year ended 30 September 2015.

Administration and other operating expenditure

The Group's administration and other operating expenditure increased by R100 million, or 9.7%, from R1,030 million for the financial year ended 30 September 2014 to R1,130 million for the financial year ended 30 September 2015. This increase was primarily due to increased bad debt provisions of R40 million, originating from Zimbabwe, and application of a key customer in the lime business for business rescue. The increase was also caused by the full year impact of the Pronto acquisition which was effective from 1 July 2014 and is inclusive of amortisation charges on fair value adjustments as required by IFRS 3 Business Combinations. The Group's PIP generated R212 million for the financial year ended 30 September 2015 financial year and comprised mainly operational efficiencies and overhead reductions.

Finance costs and investment income

Net finance costs, being finance costs offset by investment income and fair value adjustments on financial instruments, were R468 million, a 13.0% increase over last year's R414 million mainly as a result of gross borrowings being R2,130 million above the prior year following significant investments in property, plant and equipment and partially offset by R196 million (2014: R36 million) of interest being capitalised to property, plant and equipment.

Impairments and other exceptional adjustments

The Group's impairments decreased by R30 million, or 27.0%, from R111 million for the financial year ended 30 September 2014 to R81 million for 2015. The Group's other exceptional adjustments decreased by R1 million, or 100.0%, from R1 million for 2014 to nil for the financial year ended 30 September 2015. Following impairment assessment reviews, impairments of R81 million were recorded in 2015, which included goodwill of Pronto and certain international business exploration costs and property, plant and equipment.

Taxation

The Group's taxation increased by R35 million, or 9.8%, from R356 million for the financial year ended 30 September 2014, at an effective tax rate of 30.1%, to R391 million for the financial year ended 30 September 2015, at an effective tax rate of 36.6%. This increase was due to the non-deductibility of some expenses incurred in the 2015 tax year which were not incurred in the 2014 tax year, including those relating to the BBBEE1 transaction, impairments and international business expenses.

Profit attributable to shareholders of PPC Ltd

Profit attributable to PPC Shareholders decreased by R142 million, or 16.9%, from R840 million for the financial year ended 30 September 2014 to R698 million for the financial year ended 30 September 2015. The decrease can be ascribed to the lower profitability of the South African cement business as well as increased finance costs. In line with this, headline earnings per share ended 18.9% lower at 145 cents (2014: 179 cents) while normalised earnings per share of 148 cents was 15.4% lower than the prior financial year.

10.5.4 *The financial year ended 30 September 2014 compared to the financial year ended 30* **September 2013**

Revenue

The Group's revenue increased by R723 million, or 8.7%, from R8,316 million for the financial year ended 30 September 2013 to R9,039 million for the financial year ended 30 September 2014. This increase was due to the favourable impact of businesses acquired during the year, which was around R500 million, offset in part by lower revenue recorded by the South African cement business due to year-on-year sales volume declines and pricing pressures. Good revenue growth was recorded by the Group's Zimbabwean operations, with revenue increasing as a result of improved export pricing and the benefit from a devaluing Rand over the period. Revenue earned from the rest of Africa contributed 27% for the financial year ended 30 September 2014 and 24% for the financial year ended 30 September 2013.

Group EBITDA decreased by R82 million, from R2,440 million for the financial year ended 30 September 2013 to R2,358 million for the financial year ended 30 September 2014. Group EBITDA margin for the financial year ended 30 September 2014 was 26.1%, as compared to 29.3% for the financial year ended 30 September 2013. This decrease was due to the lower level of profitability in the South African cement business partially offset by the consolidation of Safika Cement and Pronto, which secured a channel to market that successfully added R112 million to Group EBITDA for the financial year ended 30 September 2014.

Cost of sales

The Group's cost of sales increased by R720 million, or 12.9%, from R5,546 million for the financial year ended 30 September 2013 to R6,266 million for the financial year ended 30 September 2014. South African cement delivered cost of sales increased 8% on a Rand per tonne basis reflecting higher outbound logistical, electricity and timing of maintenance costs partly offset by savings in coal and salaries. The lower sales volumes limited the Group's ability to fully absorb fixed costs.

Gross profit

The Group's gross profit increased by R3 million, or 0.1%, from R2,770 million for the financial year ended 30 September 2013 to R2,773 million for the financial year ended 30 September 2014. This increase was due to the benefit of consolidating the newly acquired businesses partly offset by lower profitability from the South African cement business.

Administration and other operating expenditure

The Group's administration and other operating expenditure increased by R177 million, or 20.8%, from R853 million for the financial year ended 30 September 2013 to R1,030 million for the financial year ended 30 September 2014. This increase was due to the acquisition of new businesses, including amortisation charges of R30 million on fair value adjustments recognised on business combinations, as well as the unfavourable impact of currency devaluations on foreign currency denominated overheads, offset in part by a lower short-term incentive provision and partial reversal of IFRS 2 charges on the performance element of the forfeitable share programme incentive awards vesting in February 2015. Excluding the impact of acquired overheads, Group overheads would have reflected modest year-on-year growth of 6%.

Finance costs and investment income

The Group's finance costs increased by R101 million, or 25.1%, from R404 million for the financial year ended 30 September 2013 to R505 million for the financial year ended 30 September 2014. This increase was due primarily to increased net borrowing levels following drawdowns on facilities for planned expansions. For the financial year ended 30 September 2014, interest of R36 million was capitalised to property, plant and equipment on the CIMERWA expansion, with time value of money adjustments on the environmental provisions and put options liabilities amounting to R47 million, as compared to R4 million capitalised interest and R21 million put option liabilities for the financial year ended 30 September 2013.

Impairments and other exceptional items

The Group's impairments increased by R98 million, from R13 million for the financial year ended 30 September 2013 to R111 million for the financial year ended 30 September 2014, while other exceptional adjustments decreased by R11 million, from R12 million for the financial year ended 30 September 2013 to R1 million for the financial year ended 30 September 2014. This follows an impairment of goodwill and plant and equipment of R94 million at the Group's CIMERWA business and further impairment of R17 million relating to plant and equipment at the aggregates business in Botswana on the back of continued low sales volumes and selling prices in that country.

Taxation

The Group's taxation decreased by R151 million, or 29.8%, from R507 million for the financial year ended 30 September 2013, at an effective rate of taxation of 35.8%, to R356 million for the financial year ended 30 September 2014, at an effective rate of taxation of 30.1%. This decrease was primarily due to the recognition of prior year taxation over provision.

Profit attributable to shareholders of PPC Ltd

Profit attributable to PPC Shareholders decreased by R91 million, or 9.8%, from R931 million for the financial year ended 30 September 2013 to R840 million for the financial year ended 30 September 2014. The decrease can be attributed to the overall lower operating profitability, increased finance costs and higher impairment.

Headline earnings per share ended in line with the prior year at 179 cents while normalised earnings per share of 175 cents was 18.2% lower than the prior year.

10.5.5 *Results of Operations by Segment*

The Group discloses its results of operations by operating segments, which comprise cement, lime, aggregates and readymix and other.

Cement

The cement division's activities include the mining of limestone for the manufacture and supply of cementitious products and head office activities.

The following table summarises the cement division's key results for the three months ended 30 June 2016 and 2015, the six months ended 31 March 2016 and 2015 and the financial years ended 30 September 2015, 2014 and 2013.

	For the three months ended 30 June		**For the six months ended 31 March**		**For the financial year ended 30 September**		
	2016	**2015**	**2016**	**2015**	**2015**	**2014**	**2013**
(*R millions unless otherwise noted*)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Volumes (kt)	1,415	1,298	2,614	2,629	5,349	5,479	5,248
Revenue	1,959	1,795	3,700	3,752	7,506	7,710	7,219
Operating profit	291	321	614	673	1,379	1,552	1,645
Depreciation and amortisation	174	149	340	290	594	542	465
Group EBITDA (1)	467	479	972	988	2,016	2,132	2,312
Group EBITDA margin (%) (1)	23.8	26.7	26.3	26.3	26.9	27.7	32.0
Total assets	15,481	11,821	14,998	10,925	13,863	10,182	8,101

1. The Group defines Group EBITDA as profit before taxation; other exceptional adjustments; impairments; (loss)/earnings from equity accounted investments; investment income, finance costs; fair value adjustments on financial instruments; depreciation; amortisation and empowerment transactions IFRS 2 charges. The Group defines Group EBITDA margin as Group EBITDA divided by revenue.

Cement revenue increased by R164 million from R1,795 million for the three months ended 30 June 2015 to R1,959 million for the three months ended 30 June 2016, while Group EBITDA was down 2.5% from 479 million to 467 million for the same periods. In South Africa, cement sales volumes improved in the Western and Eastern Cape provinces, rising by 30% for the three months ended 30 June 2016 due in part to lower import activity; in Rwanda, volumes in excess of 60,000 tonnes were sold in Rwanda during the same period. This was partially offset by lower sales volumes in Zimbabwe, following weakness in the Zimbabwean economy and the negative effect of import activity, and Botswana.

Cement revenue decreased by R52 million from the R3,752 million for the six months ended 31 March 2015 to R3,700 million for the six months ended 31 March 2016, while Group EBITDA was down 1.6% from R988 million to R972 million for the same period. Consequently, Group EBITDA margin remained flat at 26.3%.

Cement sales volumes improved marginally in South Africa, but Zimbabwe operations, including exports, recorded overall sales volume declines of 22%.

In South Africa, average selling prices declined 4% for the six months ended 31 March 2016. Variable delivered cost of sales per tonne increased 2% while fixed costs of production decreased by 11%. Cost savings were realised from refractories, maintenance, depreciation and power. Local selling prices in Zimbabwe declined 3% in dollar terms with Group EBITDA margins contracting by 4%.

The Group's 600,000 tpa plant in Rwanda was commissioned in the second half of 2015 at a cost of US$165 million. The commissioning of the plant in the second half 2015 led in part to the year-on-year increase depreciation and amortisation charges.

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.

The following table summarises the lime division's results of operations for the three months ended 30 June 2016 and 2015, the six months ended 31 March 2016 and 2015 and the financial years ended 30 September 2015, 2014 and 2013.

	For the three months ended 30 June		**For the six months ended 31 March**		**For the financial year ended 30 September**		
	2016	**2015**	**2016**	**2015**	**2015**	**2014**	**2013**
(*R millions unless otherwise noted*)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Volumes (kt)	239	250	413	486	985	966	948
Revenue	220	224	383	436	871	817	798
Operating profit	44	44	75	56	133	96	123
Depreciation and amortisation	11	12	21	22	45	40	36
Group EBITDA (1)	56	56	96	78	178	136	162
Group EBITDA margin (%) (1)	25.5	25.0	25.1	17.9	20.4	16.6	20.4
Total assets	490	482	512	489	495	502	487

1. The Group defines Group EBITDA as profit before taxation; other exceptional adjustments; impairments; (loss)/earnings from equity accounted investments; investment income, finance costs; fair value adjustments on financial instruments; depreciation; amortisation and empowerment transactions IFRS 2 charges. The Group defines Group EBITDA margin as Group EBITDA divided by revenue.

Lime revenue decreased by R4 million from R224 million for the three months ended 30 June 2015 to R220 million for the three months ended 30 June 2016, while Group EBITDA remained flat at R56 million for the same periods. Decline in the Group's lime sales volumes was mainly due to lower offtake from customers in the steel and environmental markets. The continued focus on cost management absorbed the impact of lower volumes.

Revenue from the lime division decreased by R53 million to R383 million, or 12.2%, from R436 million recorded during for the six months ended 31 March 2015 primarily due to continued pressure on the steel industry. Group EBITDA increased by 23.1%, from R78 million for the six months ended 31 March 2015 to R96 million for the six months ended 31 March 2016 due to the non-recurrence of a provision for bad debt passed in 2015 and cost containment measures, particularly savings on coal and maintenance.

Lime's sales volumes are directly tied to steel production, and conditions in the local industry had a negative impact on revenue for the six months ended 31 March 2016. The closure of a significant customer in mid-2015 also had a substantial impact on current sales volumes. Production interruptions and stoppages at some steel customers in the review period negated growth in other markets.

Aggregates and readymix

The aggregates and readymix division's activities include the mining and supply of aggregates and metallurgical-grade dolomitic limestone and the supply of readymix concrete, dry mortars and fly ash. Readymix was included in this segment from the effective date of consolidation of Pronto, being July 2014.

The following table summarises the aggregates and readymix division's results of operations for the three months ended 30 June 2016 and 2015, the six months ended 31 March 2016 and 2015 and the financial years ended 30 September 2015, 2014 and 2013.

	For the three months ended 30 June		**For the six months ended 31 March**		**For the financial year ended 30 September**		
	2016	**2015**	**2016**	**2015**	**2015**	**2014**	**2013**
(*R millions unless otherwise noted*)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Aggregate volumes (kt)	799	758	1,405	1,313	2,938	3,087	2,822
Readymix volumes (km^3)	141	132	239	218	511	225	–
Revenue	296	285	503	463	1,042	576	335
Operating profit	36	34	44	27	105	57	24
Depreciation and amortisation	10	11	32	30	63	33	21
Group EBITDA [(1)]	51	45	76	57	168	90	46
Group EBITDA margin (%) [(1)]	17.2	15.8	15.1	12.3	16.1	15.6	13.7
Total assets	904	924	878	868	895	890	283

1. The Group defines Group EBITDA as profit before taxation; other exceptional adjustments; impairments; (loss)/earnings from equity accounted investments; investment income, finance costs; fair value adjustments on financial instruments; depreciation; amortisation and empowerment transactions IFRS 2 charges. The Group defines Group EBITDA margin as Group EBITDA divided by revenue.

Aggregates and readymix revenue increased 3.8% from R285 million to R296 million for the three months ended 30 June 2016 due to improved sales volumes in South African aggregates and Pronto Readymix. Aggregate sales volumes were 5.4% up in the three months ended 30 June 2016 as compared to the three months ended 30 June 2015, mainly due to higher sales of concrete stone to the readymix concrete and concrete product manufacturers segments, supported by supply to commercial and road construction projects.

As a result, Group EBITDA rose 13.4%, from R45 million for the three months ended 30 June 2015 to R51 million for the three months ended 30 June 2016.

Aggregates and readymix revenue increased 8.6% from R463 million to R503 million for the six months ended 31 March 2016 due to improved sales volumes in South African aggregates and Pronto. Aggregate sales volumes were 7.0% up in the six months ended 31 March 2016 as compared to the six months ended 31 March 2015, mainly due to higher sales of concrete stone to the readymix concrete and concrete product manufacturers segments, supported by supply to commercial and road construction projects. Above-inflation increases for power, explosives, labour and certain maintenance spares were partially offset by cost-saving initiatives and efficiency improvements. Combined with increased sales volumes, this resulted in total cost of sales rising by only 1% compared to last year.

As a result, Group EBITDA rose 33.3%, from R57 million for the six months ended 31 March 2015 to R76 million for the six months ended 31 March 2016.

Other

Other comprises the various consolidated trusts and trust funding special purpose vehicles ("SPVs") relating to the Company's BBBEE transactions and the related funding costs on the consolidated debt are included in this segment. Details on the BBBEE transactions can be found in "– 10.8 Borrowings and contractual obligations – BBBEE transaction" below.

10.6 Liquidity and Capital Resources

Liquidity

Despite the Group's improved performance as a result of a number of management initiatives, as well as expansion plans, the Group faces a liquidity shortage in the short-term, which is primarily driven by limited growth in profits, significant committed capital expenditure, devaluation of the Rand against major trading currencies and maturing debt and early settlement of the Notes following the Ratings Downgrade. In line with its Expansion Strategy, PPC invested large amounts of capital in long-term projects in Africa, funded primarily by long-term debt which has resulted in a highly leveraged statement of financial position. Due to the long-term nature of the expansion projects, the return on these investments will only fully be realised once the projects are commissioned and achieve optimal capacity, which happens as production is achieved over an appropriate ramp-up period. As a result of the foregoing, as well as the redemption of the Notes following the Ratings Downgrade, the Group is highly geared with R9.6 billion of external debt, despite its asset base of R16.9 billion as at 30 June 2016. The Group's external debt includes R1.75 billion in bonds, R5.2 billion in long-term debt and R2.6 billion in short-term debt as at 30 June 2016. Of the R1.75 billion in bonds, R1.6 billion was redeemed on 15 July 2016 with drawings under the Group's Liquidity and Guarantee Facility that are expected to be repaid by the Group with proceeds from the Rights Offer, as described further in "2 Background to and Reasons for the Rights Offer – 2.2 Reasons for the Rights Offer". For more information on the Group's borrowings and contractual obligations, see "– 10.8 Borrowings and contractual obligations" below.

The Company believes that the ramp-up in debt resulting from the Group's Expansion Strategy and the concurrent deterioration in the macro-economic environment, which has weakened further in 2016, may continue to prevail in the short- to medium-term. Earnings flow-through is expected to be realised as the Group's expansion projects, such as those in the DRC and Rwanda, ramp-up their production and begin to generate sales. For more information on the timing of these projects, see "11 Business Description – 11.5.2 Regions".

To address these challenges and to meet the Group's liabilities relating to the redemption of Notes as described in "5 Summary – 5.3 Recent Developments", the Company has reviewed the Group's liquidity and capital structure and developed a comprehensive response incorporating necessary protective measures, whilst maintaining the Group's ability to increase production in the future. The Liquidity and Capital Plan focuses on:

- increasing liquidity, temporarily reducing capital expenditure and optimising working capital expenditure; and
- the Rights Offer and the repayment and refinancing of the Group's debt in order to deleverage the statement of financial position and cover the redemption of the Notes.

Increasing liquidity, reducing capital expenditure and optimising working capital expenditure through operational initiatives

The Group plans to release working capital in the upcoming fiscal year through efficient management of working capital, the curtailment of discretionary capital expenditure while optimising the ability of the business to increase production and compete efficiently when cement prices and economies improve, and management-driven operational initiatives.

As described above in "– 10.2 Key Factors Affecting Results of Operations – 10.2.5 Cost of energy, raw materials, labour and transportation", the Group's PIP aims to deliver R400 million in sustainable savings over a three-year period through revenue optimisation of R130 million, cost efficiencies of R150 million and strategic cost reductions of R120 million. Operational cost reduction initiatives under PIP include reduction in the Group's head office costs, reduction in the number of under-utilised fixed amount contracts with logistics providers and improved critical stock management. Management have identified that as at 31 March 2016, PIP achieved cumulative savings of around R390 million since its inception in May 2015. Major contributors were cost savings achieved through materials, procurement and logistics efficiencies. The cost savings were further supported by strategic cost reduction and revenue optimisation.

The Group plans to reduce raw material and in-process stockholding at its South African cement operations and further realise benefits of the three mega plant strategy, which maximises the use of PPC's most efficient clinker producing facilities (Dwaalboom, Slurry and De Hoek), while maintaining appropriate levels to sustain ongoing production and cater for unexpected shutdowns. Maintenance stock levels have also been reviewed in light of current operational plans and management anticipates that current levels will reduce to the lower end of its stock holding range.

In addition to the PIP, the Group aims to increase liquidity in the short-term by focusing on:

- maximising collections from its trade debtors through improved focus on overdue accounts and strict adherence to credit terms via its sales team and credit controllers, with support from the Group's credit committee;
- curtailing of non-critical capital expenditure and only incurring capital expenditure items already contracted (whether of a maintenance or expansionary nature) or related to regulatory requirements; and
- reviewing the maintenance budget to further relieve cash constraints while maintaining acceptable levels ensuring sustainable operational requirements.

The Rights Offer and the repayment and refinancing of the Group's debt

In order to address the challenges outlined above and to repay amounts advanced by the banks under the Liquidity and Guarantee Facility to partially redeem the Notes as described further above in "– 10.2 Key Factors Affecting Results of Operations – 10.2.7 Redemption of the Notes", the Company intends to raise R4 billion in gross proceeds through the Rights Offer. The gross proceeds of the Rights Offer will be used as described above and thereafter to finance the existing projects of the Group and meet other requirements for funding of its operations.

The Group has two BBBEE schemes, with the first BBBEE transaction, BBBEE1, having contributed to increased debt levels as the underlying special purpose entities, with their respective external debt, were consolidated into the Group results in terms of IFRS. In addition, the Bridge Facilities Agreement was concluded in March 2016 will be due for settlement in September 2017. For more information on the BBBEE transaction and the Group's other borrowings and contractual obligations, see "– 10.8 Borrowings and contractual obligations" below.

Capital expenditure

Capital expenditure commitments are stated in current values which, together with expected price escalations, will be financed from surplus cash generated and borrowing facilities available to the Group.

The Group's capital expenditure commitments at 30 June 2016, 31 March 2016 and 30 September 2015 are set out below.

Commitments	**At 30 June 2016**	**At 31 March 2016**	**At 30 September 2015**
(*R millions*)	(reviewed)	(audited)	(audited)
Contracted capital commitments	2,013	2,289	3,594
Approved capital commitments	856	994	1,049
Capital commitments	**2,869**	**3,283**	**4,643**
Operating lease commitments	111	124	171
	2,980	**3,407**	**4,814**
Capital commitments			
South Africa	1,298	1,649	2,409
Rest of Africa	1,571	1,634	2,234
	2,869	**3,283**	**4,643**
Capital commitments are anticipated to be incurred:			
Within one year	2,312	2,731	2,758
Between one and two years	547	543	1,518
Beyond two years	10	9	367
	2,869	**3,283**	**4,643**

Project funding has been secured for the DRC and Zimbabwe projects, amounting to US$168 million and US$75 million respectively. For more information on the Group's projects, see "11 Business Description – 11.5.2 Regions". In addition, the IFC subscribed for equity in the DRC project and now holds 10% equity in the project. The one million tonnes per annum plant in the DRC is expected to be commissioned during PPC's 2017 financial year, while the 700,000 tonnes per annum mill in Zimbabwe is on track to be commissioned at the end of the 2016 calendar year. The one million tonnes per annum kiln expansion at Slurry is planned to be commissioned during the 2018 financial year.

Ratings

As at the date of this Circular and following the Ratings Downgrade, the Company's long- and short-term South African national scale corporate credit ratings are zaBB-/zaB, respectively. As at the Last Practicable Date, both ratings were on "Watch Negative". For information on consequences of the Ratings Downgrade, see "– 10.2 Key Factors Affecting Results of Operations – 10.2.7 Redemption of the Notes" above.

Each rating reflects the view of the rating agency only at the time the rating was issued. Investors should evaluate each rating separately and look to the rating agency for any explanations of the significance of its ratings. A rating outlook is an opinion regarding the likely direction of a rating over the medium-term. "Watch Negative" indicates that a rating is under review for possible change in the short-term. The rating agency can change its ratings at any time if they believe that circumstances so warrant. The rating agency can be expected to continue to monitor the Group's financial strength and obligations paying ability, and no assurances can be given that future downgrades to the Group's rating will not occur, whether due to changes in the Group's performance, changes in the rating agency's industry views or ratings methodologies, or a combination of such factors.

10.7 Cash flows

The following table summarises the Group's historical cash flows for the three months ended 30 June 2016 and 2015, the six months ended 31 March 2016 and 2015 and the financial years ended 30 September 2015, 2014 and 2013.

	For the three months ended 30 June		For the six months ended 31 March		For the financial year ended 30 September		
	2016	2015	2016	2015	2015	2014	2013
(*R millions unless otherwise noted*)	(reviewed)	(unaudited)	(audited)	(unaudited)		(audited)	
Net cash inflow from operating activities	**143**	**413**	**149**	**224**	**1,288**	**831**	**1,343**
Net cash outflow from investing activities	**(555)**	**(1,013)**	**(1,283)**	**(999)**	**(2,995)**	**(2,840)**	**(1,219)**
Net cash inflow from financing activities	**571**	**660**	**849**	**632**	**1,772**	**1,898**	**94**
Net movement in cash and cash equivalents	**159**	**60**	**(285)**	**(143)**	**65**	**(111)**	**218**
Cash and cash equivalents at end of the period	**612**	**486**	**460**	**464**	**718**	**563**	**492**
Cash earnings per share (cents)	**27**	**103**	**63**	**123**	**351**	**325**	**404**

Net cash inflow from operating activities

The Group's net cash inflow from operating activities decreased by R270 million, from R413 million in the three months ended 30 June 2015 to R143 million in the three months ended 30 June 2016. This decrease was due to the payment of finance costs, inclusive of the arranging and transaction fees of R171 million relating to the Liquidity and Guarantee Facility and unfavourable movements in working capital, mainly from accounts receivable and accounts payable, partly offset by lower inventory levels. No dividend was paid during the three months ended 30 June 2016, compared to the same period in the prior year when the Group paid R126 million in dividends.

The Group's net cash inflow from operating activities decreased by R75 million, or 33.5%, from R224 million in the six months ended 31 March 2015 to R149 million in the six months ended

31 March 2016. This decrease was due to increase in working capital, in particular accounts payable and inventory, and higher finance costs paid offset in part by lower dividend and taxation payments.

The Group's net cash inflow from operating activities increased by R457 million, or 55.0%, from R831 million in 2014 to R1,288 million in 2015. This increase was due to favourable movements in working capital, mainly in trade receivables and trade and other payables, and lower dividend payments partly offset by lower operating cash flows and reduced income from investments.

The Group's net cash inflow from operating activities decreased by R512 million, or 38.1%, from R1,343 million in 2013 to R831 million in 2014. This decrease was due to higher finance costs and dividends and reduction in net working capital.

Net cash outflow from investing activities

The Group's net outflow from investing activities decreased by R458 million, or 45.2%, from R1,013 million in the three months ended 30 June 2015 to R555 million in the three months ended 30 June 2016. This decrease was due to reduced capital expenditure in the three months ended 30 June 2016 as compared to the three months ended 30 June 2015.

The Group's net cash outflow from investing activities increased by R284 million, or 28.4%, from R999 million in the six months ended 31 March 2015 to R1,283 million in the six months ended 31 March 2016 as the Group invested more in property, plant and equipment ("PPE"), incurred further VAT payments on PPE acquired for the DRC expansion, which will be recovered over time, and a further investment into Habesha Share Company Limited.

The Group's net cash outflow from investing activities increased by R155 million, or 5.5%, from R2,840 million in 2014 to R2,995 million in 2015. This increase was due to the increased investments in PPE in 2015 being offset by the non-recurrence of acquisitions made in new subsidiary companies, namely Safika Cement and Pronto.

The Group's net cash outflow from investing activities increased by R1,621 million, or 133.0%, from R1,219 million in 2013 to R2,840 million in 2014. This increase was due to significant investments in plant, property and equipment and further investments in subsidiary companies.

Net cash inflow from financing activities

The Group's net cash inflow from financing activities decreased by R89 million, or 13.5%, from R660 million in the three months ended 30 June 2015 to R571 million in the three months ended 30 June 2016, as the Group had lower drawdowns on borrowings than in the three months ended 30 June 2015.

The Group's net cash inflow from financing activities increased by R217 million, or 34.3%, from R632 million in the six months ended 31 March 2015 to R849 million in the six months ended 31 March 2016. This increase was due to net borrowings of R1,499 million raised in the six months to March 2016 in comparison to the R632 million raised in 2015 as the Group drew down on project funding for its expansion projects. Drawdowns were partly offset by bond repayments of R650 million in the six months ended 31 March 2016.

The Group's net cash inflow from financing activities decreased by R126 million, or 6.6%, from R1,898 million in 2014 to R1,772 million in 2015. This decrease was due to the Group's successful issuance of three bonds totalling R1,750 million in 2014, while the main sources of funding inflows for 2015 related to draw-downs on project funding-related borrowings.

The Group's net cash inflow from financing activities increased by R1,804 million from R94 million in 2013 to R1,898 million in 2014. This increase was due to the bond subscriptions and further draw-downs on long-term borrowing facilities.

10.8 **Borrowings and contractual obligations**

As at 30 June 2016, PPC was highly geared with R9.6 billion of external debt, comprising bonds (R1.75 billion), long-term debt (R5.2 billion) and short-term debt (R2.6 billion). The covenant ratios in the Group's various loan agreements restrict debt to EBITDA ratio (as defined in the relevant funding agreements) EBITDA (as defined in the relevant funding agreements) interest cover ratio, asset cover ratio and debt service cover ratio on the covenants on the BBBEE debt revolving credit facilities and debt sponsor funding agreements. For the six months ended 31 March 2016, the Company received waivers from its lenders on certain covenants which were not met. The Group has entered into standstill arrangements with certain of its lenders which temporarily block enforcement action by such lenders. As at the date of this Circular, the Group is not in compliance with certain of its covenants relating to its debt to EBITDA ratio as defined in the relevant financing agreements with such lenders. While the standstill arrangements block enforcement, compliance with such covenants remains a drawstop under certain of the Group's facilities. The Company expects that, following a successful Rights Offer, it will be in compliance with all of the covenants under its existing financing arrangements.

The Group is focused on deleveraging the statement of financial position by using the proceeds of the Rights Offer to pay down its debt, including the amounts advanced by the banks under the Liquidity and Guarantee Facility (as defined below), and by undertaking a number of other initiatives as part of its Liquidity and Capital Plan simultaneously, including a debt restructuring programme. In order to optimise the outcome of a debt restructuring programme, PPC will need to drive and protect projected cash generation to provide comfort of its debt capacity and serviceability to lenders. For more information, see "–10.6 Liquidity and Capital Resources – Liquidity" above.

On 24 June 2016, the Company entered into the Liquidity and Guarantee Facility agreement which provided the Company with liquidity to redeem the Notes following the Ratings Downgrade (the "Liquidity and Guarantee Facility"). For a summary of the terms of the Liquidity and Guarantee Facility, see "16 Additional Information – 16.6 Material Contracts – 16.6.2 Borrowings – Liquidity and Guarantee Facility".

As a condition of the Liquidity and Guarantee Facility, the Company has also entered into standstill arrangements with all of the lenders (being Standard Bank, Absa Bank, Nedbank and RMB) under the Group's other existing financing arrangements not to commence or support the commencement of any enforcement action until the earlier of 24 November 2016 and the date on which the Company receives gross proceeds of at least R4 billion in the Rights Offer. The CSG SPV and SBP SPV, the lenders to the Group under the financing agreements in respect of the BBBEE1 transaction, have also agreed to a debt standstill on similar terms as those with the above lenders as described in "16 Additional Information – 16.6 Material Contracts – 16.6.2 Borrowings – Standstill Arrangements". No enforcement action under any of the existing facilities was commenced prior to the start of the standstill arrangements.

For more information, see "6 Risk Factors – 6.1 Risks relating to the Group's liquidity and capital – 6.1.1 If the Rights Offer is not successfully completed, the Company is at risk of not having sufficient funds to meet its payment obligations as they fall due."

The table below sets forth the Group's borrowings as at 30 June 2016, 31 March 2016 and 30 September 2015.

				As at 30 June 2016	As at 31 March 2016	As at 30 September 2015
(R millions)				(reviewed)	(audited)	(audited)
	Terms	**Security**	**Interest rate**			
Notes[1]	Various[1]	Unsecured	Various, refer below[1]	1,747	1,747	2,398
Long-term loan	Interest is payable biannually with a bullet capital repayment in December 2016	Unsecured	Fixed 10.86%	1,036	1,417	1,520
Long-term loan[2]	Interest is payable quarterly with a bullet capital repayment in September 2017	Unsecured	Variable rates at 400 basis points above JIBAR	927	555	–
Long-term loan	Interest is payable monthly with a bullet capital repayable 18 months after notice period	Unsecured	Variable rates at 125 basis points above JIBAR	900	900	–
Project funding				**3,695**	**3,372**	**2,357**
US dollar-denominated	US dollar-denominated, repayable in monthly instalments over a 10-year period, starting March 2016	Secured by CIMERWA's property, plant and equipment	Variable at 725 basis points above six-month US dollar LIBOR	735	806	641
Rwandan Franc-denominated	Rwanda Franc denominated, repayable in monthly instalments over a 10-year period, starting March 2016	Secured by CIMERWA's property, plant and equipment	Fixed rate of 16%	510	474	357
US dollar-denominated	US dollar-denominated, interest payable biannually. First capital repayment in December 2016; thereafter biannual repayments in equal instalments over five years	Secured by PPC Zimbabwe's property, plant and equipment	Six-month US dollar LIBOR plus 700 basis points	635	550	421
US dollar-denominated	US dollar-denominated, capital and interest payable bi-annually starting July 2017 ending January 2025	Secured by PPC Barnet DRC's property, plant and equipment	Six-month US dollar LIBOR plus 725 basis points	1,815	1,542	938
Long-term borrowings before BBBEE transaction				**8,305**	**7,991**	**6,275**
BBBEE transaction				**855**	**844**	**1,227**
Preference shares	Dividends are payable biannually, with annual redemptions ending December 2016	Secured by guarantee from PPC Ltd	Variable rates at 81.4% of prime and fixed rates of 9.24% to 9.37%	34	33	64
Preference shares	Dividends are payable biannually with capital redeemable from surplus funds. Compulsory annual redemptions until December 2016	Secured by PPC shares held by the SPVs	Variable rates at 86.9% of prime	17	16	72
Preference shares	Capital and dividends repayable by December 2016, with capital capped at R400 million	Secured by guarantee from PPC Ltd	Variable rates at 78% of prime	392	393	395

				As at 30 June 2016	As at 31 March 2016	As at 30 September 2015
(R millions)				(reviewed)	(audited)	(audited)
	Terms	**Security**	**Interest rate**			
Long-term borrowings	Capital and interest repayable by December 2016, with capital capped at R700 million	Secured by guarantee from PPC Ltd	Variable rates at 285 basis points above JIBAR	412	402	696
Borrowings				9,160	8,835	7,502
Short-term loans and bank overdrafts				449	336	719
Total borrowings				9,609	9,171	8,221

1. Notes: Comprise three unsecured notes at 31 March 2016, issued under the Company's R6 billion Note Programme, and which are recognised net of capitalised transaction costs.

Note number, term and interest rate	Issue date	Term	As at 30 June 2016 (reviewed)	As at 31 March 2016 (audited)	As at 30 September 2015 (audited)
PPC 001: three years; three-month JIBAR plus 1.26%	March 2013	3 years	–	–	650
PPC 002: five years; three-month JIBAR plus 1.5%	December 2013	5 years	750	750	750
PPC 003: five years; three month JIBAR plus 1.48%	July 2014	5 years	750	750	750
PPC 004: seven years; 9.86%	July 2014	7 years	250	250	250
			1,750	**1,750**	**2,400**
Less: Transaction costs capitalised			(3)	(3)	(2)
			1,747	**1,747**	**2,398**
Less: Short-term portion			(1,614)	(1,747)	(650)
			133	**–**	**1,748**

On 30 May 2016, S&P released a report on PPC which reflected the Ratings Downgrade. As a result of the Ratings Downgrade, the Company was obliged to offer early redemption to Noteholders in terms of the Note Programme. The notes have therefore been reclassified from long- to short-term borrowings.

The Company drew down on the Liquidity and Guarantee Facility after 30 June 2016 in order to redeem the Notes of Noteholders who had requested early settlement. R1,614 million was redeemed on 15 July 2016, with the balance of the outstanding Notes of R136 million following the original terms of the respective Notes. The Liquidity and Guarantee Facility bears interest at JIBAR plus 10% and repayment is due the earlier of 2 November 2016 and the date on which the Company receives gross proceeds of at least R4 billion in the Rights Offer. Raising and transaction fees of R171 million were incurred in finalising the Liquidity and Guarantee Facility and will be amortised to finance costs over the five-month period of the Liquidity and Guarantee Facility.

During the six months ended 31 March 2016, the Company secured funding of R2 billion expiring in September 2017. The funding was partly used to settle the first bond repayment while the balance of the facility will be used to repay the remaining portion of the long-term loan due in December 2016, after which the Company will receive proceeds from the compulsory subscription by the strategic black partners and community service groups in terms of the Company's BBBEE1 transaction. Transaction costs of R35 million were capitalised against the facility and will be amortised over the period of funding. During the three months ended March 2016, R367 million was drawn against the facility in order to partly reduce the long-term loan, thereby achieving the minimum asset cover ratios required under the Group's financing arrangements taking congnisance of the decline in the Group's share price over the same period.

The following table reflects the maturity analysis of the Group's borrowings obligations.

(R millions)	As at 30 June 2016 (reviewed)	As at 31 March 2016 (audited)	As at 30 September 2015 (audited)
One year	4,236	4,557	1,510
Two years	2,147	1,777	2,877
Three years	530	394	303
Four years	406	393	1,056
Five years and more	2,290	2,050	2,475
Total borrowings	**9,609**	**9,171**	**8,221**

For a description of the Group's material borrowings and facility agreements, see "16 Additional Information – 16.6 Material Contracts – 16.6.2 Borrowings".

BBBEE transaction

The Group has completed two BBBEE transactions. In 2008 the Group concluded a 15.3% BBBEE transaction which was valued at R2.7 billion ("BBBEE1"). The parties to this transaction were the Strategic Black Partners ("SBPs"), Community Service Groups ("CSGs"), other broad-based groups and PPC employees. BBBEE1 matures in December 2016, after which there will be limited residual BBBEE ownership in BBBEE1. The components of BBBEE1 that relate to the SBPs and the CSGs contemplate a compulsory subscription at a price of R66.84 per PPC Ordinary Share (the "Compulsory Subscription Price"), on 15 December 2016, the subscription date.

In 2012, a second transaction ("BBBEE2") was completed. This transaction was valued at R1.1 billion and resulted in 6.5% ownership of PPC by an employee share trust, existing SBPs and the Bafati Investment Trust. BBBEE2 matures in 2019, and current indications are that there will be limited residual BBBEE ownership in BBBEE2.

The two BBBEE transactions resulted in BBBEE shareholding of 20.8% of PPC and an effective holding of 26%, as required by the BBBEE Act, based on an 80:20 split of PPC's South Africa and rest of Africa revenue prevailing at the time.

In light of the fact that BBBEE1 matures in December 2016, the disparity between the Compulsory Subscription Price and the current trading range of PPC Ordinary Shares and because of the dilutive effect of the Rights Offer, the Group is contemplating a number of BBBEE initiatives that will result in compliance with the Mining Charter post the Rights Offer process and BBBEE1 unwind.

For more information on the BBBEE, see "11 Business Description – 11.9 Broad-based Black Economic Empowerment".

Contingent liabilities

Litigation, current or pending, is not considered likely to have a material adverse effect on the Company. For a description of ongoing litigation involving the Group, see "11 Business Description – 11.14 Legal Proceedings".

Off-balance sheet arrangements

The Group does not have any off-balance sheet funding arrangements.

10.9 Financial Risk Management

The Group's financial instruments consist mainly of borrowings from financial institutions, noteholders, deposits with banks, local money market instruments and accounts receivable and payable.

Forward exchange contracts and interest rate swaps 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.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to PPC Shareholders, comprising stated capital, reserves and retained profit.

A committee including PPC's senior financial executives reviews 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 balances its overall capital structure through issues of equity instruments, dividend cover reviews and the issue of new debt or the redemption of existing debt.

Treasury risk management

Senior financial executives meet on a regular basis to analyse currency and interest rate exposure and to re-evaluate treasury management strategies against latest economic forecasts. The Group's treasury operation provides South African entities with access to local money markets and provides local subsidiaries with the benefit of bulk financing and depositing.

Foreign currency management

The Group is exposed to exchange rate fluctuations as it undertakes transactions denominated in foreign currencies in the normal course of business. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. Where possible, entities in the Group cover forward all material foreign currency commitments unless there is a natural hedge.

Forward exchange contracts are carried at fair value with the resultant profit or loss included in the income statement. 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 profit or loss when the hedged transaction affects the income statement where appropriate.

PPC is exposed to translation risk as its foreign subsidiaries report in different currencies to that of the holding company. This is managed primarily through borrowings denominated in the relevant foreign currencies to the extent that such funding is available on reasonable terms in the local capital markets.

Interest rate management

The Group is exposed to interest rate risk arising from fluctuations in financing costs on loans which are at variable interest rates. As part of the process of maintaining a balance between the Group's fixed and variable rate borrowings, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured appropriately.

Interest rate risk

At 31 March 2016, if all floating 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 R25 million (earnings per share: 5 cents) lower. Conversely, if all floating interest rates had been 100 basis points lower, with all other variables held constant, the attributable earnings would have been R25 million (earnings per share: 5 cents) higher. If measured at 30 June 2016, these values would not be significantly different.

Equity price risk – cash settled share appreciation rights

At 31 March 2016, if the PPC share price had been R5.89 higher, with all other variables held constant, attributable earnings would have been R4 million (earnings per share: 1 cents) lower. Conversely, if the PPC share price had been R5.89 lower, with all other variables held constant, attributable earnings would have been R1 million (earnings per share: 1 cent) higher. If measured at 30 June 2016, these values would not be significantly different.

Credit risk management

The potential exposure to credit risk is represented by the carrying amounts of trade receivables, short-term cash investments, government bonds 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 Credit Committee, chaired by the Group CFO, meets on a quarterly basis, or more frequently if required, to monitor trade receivables and approve granting of account limits. The Group annually re-evaluates counterparty limits and the financial reliability of its customers. Provision is made for specific doubtful debts where appropriate, and as at 31 March 2016, 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 with financial institutions of high-quality credit standing.

Liquidity risk management

Liquidity risk is the risk of the Group being unable to meet its payment obligations when they fall due. The Group manages liquidity risk centrally by maintaining an appropriate balance between long- and short-term debt, ensuring borrowing facilities are adequate to meet its liquidity requirements at all times, and by monitoring forecast and actual cash flows.

For more information on the Group's facilities and borrowings, see "– 10.8 Borrowings and contractual obligations" above.

10.10 Critical Accounting Policies and Estimates

The Group's significant accounting policies, including judgement and assumptions, are set out in the Accounting Policies section in the Group's audited 2016 financial statements for the six months ended 31 March 2016 and conform with IFRS. The financial statements are available on the Company's website or can be obtained from the Company Secretary.

PART 11

11. **BUSINESS DESCRIPTION**

11.1 **Overview**

The Group provides materials and solutions into the basic services sector. As a leading supplier of cement and related products in southern Africa, the Group has nine cement manufacturing facilities, three milling depots, five blending facilities and 26 readymix batching plants in South Africa, Botswana, Zimbabwe and Rwanda that can produce up to 8.5 million tonnes of cement products each year. The Group's combination of high-quality products and geographic footprint allows it to meet customer requirements in parts of South Africa, Botswana, Zimbabwe, DRC and Rwanda. As part of its strategy and long-term plan to grow revenue from outside of South Africa, the Group is expanding its operational footprint into the rest of Africa, including DRC, Ethiopia and Zimbabwe. The Group also produces aggregates, metallurgical-grade lime, burnt dolomite, fly ash and readymix.

11.2 **Incorporation and History**

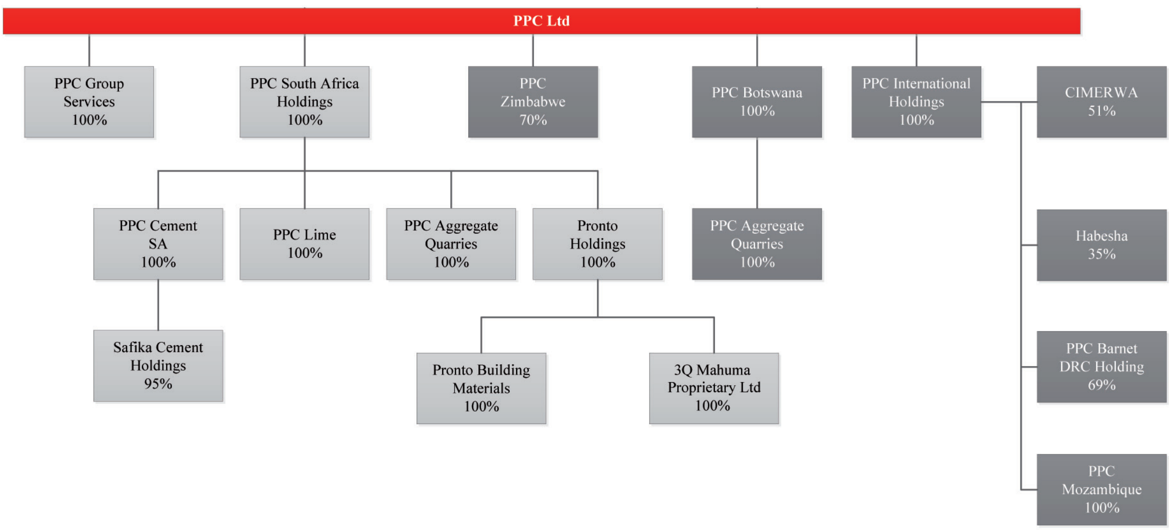
PPC was established in 1892 as De Eerste Cement Fabrieken Beperkt in Hercules, Pretoria, South Africa. The Group's history is closely linked to the growth and development of South Africa and Zimbabwe, with the Group producing cement for many of the countries' iconic landmarks, including the Union Buildings, Gariep Dam and Van Staden's River Bridge, the Gautrain, Medupi power station, the new Cape Town Stadium, Kariba Dam and much of southern Africa's infrastructure. The Group listed on the JSE in 1910 as Pretoria Portland Cement Company Limited and changed its name to PPC Ltd in 2012.

In 2010, the Group embarked on its Expansion Strategy to extract value from high-growth developing economies, diversify the Group's exposure away from the South African economy and expand into adjacent and downstream businesses. On 1 October 2015, the Group launched its new vision in line with its Expansion Strategy "to become a world-class provider of materials and solutions into the basic services sector, taking a strategic approach to more than doubling its business every ten years". To achieve this vision, the Group embarked on a programme to put in place the appropriate leadership and management practices and to improve the Group's profitability and performance.

In line with the Group's vision and strategy, effective 1 April 2016, the Board approved a corporate restructuring to streamline and optimise the South African and foreign operations with the objective of:

- transferring the majority of the Group's South African assets and liabilities to a wholly-owned South African subsidiary company, PPC South Africa Holdings;
- liquidating the Group's non-trading/dormant companies;
- housing the group management and treasury services at the PPC level; and
- holding operations through PPC South Africa Holdings.

The new Group structure is illustrated below.



11.3 Strengths

The Company believes that the Group's key strengths are as follows:

- Quality of portfolio supported by well-known brands – PPC's brand value is based on strength, quality and consistency of the Group's product offering and supports the Group's prominent brand position in southern Africa.
- Resilient performance through the cycle – Increasingly diverse revenue streams from the Materials business and various operating geographies across the continent enables the Group to be more resilient through the cycle.
- Experienced management team – PPC's management team has extensive institutional knowledge and experience in the cement and lime industries; over 70 years combined PPC tenure amongst the managing directors of the Group's South African and international operations and the executive responsible for technical services.
- Delivery and execution of complex projects in different African countries – In 2015, the Group delivered a 600,000 tonne per annum plant in Rwanda within budget. Further projects in the DRC, Ethiopia and Zimbabwe are scheduled to be delivered in the next 12 months.
- Clear Expansion Strategy – The Expansion Strategy includes aiming to increase its production capacity by over 40% to approximately 12 million tonnes of cement by 2017. The Group has begun to see the benefits of its Expansion Strategy through, for example, expanding its Materials business through the recent acquisition of 3Q.
- Leading producer in southern Africa with good geographic spread – The Group is the leading producer of cement in southern Africa with an attractive footprint in South Africa, Botswana and Zimbabwe.
- Pan-African player offering access to high-growth countries – The Expansion Strategy has facilitated the Group's entry into countries with high economic and population growth rates, such as the DRC, Ethiopia and Rwanda.

11.4 Strategy

In 2010, the Group embarked on its Expansion Strategy to extract value from high-growth developing economies, diversify the Group's exposure away from the South African economy and expand into adjacent and downstream businesses. In 2015, the Group successfully commissioned the first of these projects in Rwanda, which was completed within budget. The Group expects to commission new projects in Zimbabwe, the DRC and Ethiopia in the next 12 months.

This strategy aims to increase the Group's cement production capacity to nearly 12 million tonnes by 2017. A third of this capacity is expected to come from outside of South Africa, achieving a significant step in diversifying the Group's exposure to South Africa.

This strategy also includes the expansion of the Group's business into adjacent and downstream cement businesses. In the past three years, the Group acquired Gauteng's largest readymix concrete producer, Pronto, South Africa's largest cement blender, Safika Cement, and 3Q, which was previously one of the largest independent readymix concrete producers in South Africa.

11.4.1 *Strategy relating to the Group's liquidity and capital position*

For the strategy relating to the Group's liquidity and capital position, see "10 Operating and Financial Review – 10.6 Liquidity and Capital Resources – Liquidity".

11.4.2 *Strategy relating to the Group's business*

The Group's strategic aspiration is to exceed the expectations of its stakeholders on a sustainable basis. Achieving this strategic aspiration requires fundamentally changing the Group's corporate culture while excelling at these pillars of its strategy, as described below. The Group has initiated a robust change management approach that aims to deliver results and drive a high-performance culture. This change initiative is the foundation for a one-team PPC culture that will support the Group's strategic goals.

World-class excellence in all that the Group does

- The Group strives to maintain a sustainable competitive advantage by committing to world-class standards in all that it does;
- The Group strives for technical excellence that will manifest itself in a cost leadership philosophy;
- The Group constantly monitors global best practices and solutions; and
- The Group constantly measures and monitors the business.

Provider of materials and solutions

- In manufacturing cement, the Group has the ingredients and intellectual property ("IP") to provide products and solutions to a wider clientele without taking the focus off the Group's core cement-making business;
- Cement is an intermediate physical product. The Group has IP and expertise relevant to its customers that differentiates it and enables the Group to offer solutions; and
- Adjacent and transformational businesses related to the Group's inputs, processes and products are important growth vectors to ensure against changes in the Group's industry.

Innovation culture

- The Group recognises that innovation is more than just ideas;
- The Group is creating an innovation culture as the core driver of the business; and
- To harness the benefits of innovative ideas, the Group has created an innovation process that involves a series of creativity and idea-generation workshops to stimulate creativity inside PPC, a best practice web-based idea management system designed to encourage participation by employees and future plans to collaborate creatively with customers to develop innovative ideas such as alternative uses for concrete and cement. The portfolio of innovative opportunities will be managed as a pipeline to transform ideas into profit or organisational value.

Taking a strategic approach

- The Group understands the drivers, risks and trends in each of its regions and businesses, especially in the longer term, and acts accordingly; and
- Defensive strategies are as important as offensive strategies.

In addition, in the past, the Company has considered various strategic opportunities with respect to its business and projects. Following the Rights Offer, the Company will continue to consider such opportunities that it believes to be in the best interests of Shareholders.

11.5 Business Activities and Processes

11.5.1 *Products*

The Group's product offering includes cement, lime, aggregates, fly ash and readymix. The Group divides its product offering into the cement business and the materials business, which comprises lime, aggregates, fly ash and readymix (the "Materials business"). In the six months ended 31 March 2016, revenue generated by cement, lime, and aggregates and readymix accounted for 81%, 8% and 11%, respectively. In the three months ended 30 June 2016, revenue generated by cement, lime, and aggregates and readymix concrete accounted for 79%, 9% and 12%, respectively.

Cement

The cement business is the Group's core business. In the three months ended 30 June 2016, revenue generated by the Group's cement business accounted for R1,959 million. Cement is manufactured through a large-scale, complex and capital-intensive process. At the core of the production process is a rotary kiln, in which limestone and clay are heated to approximately 1,450 degrees Celsius. The semi-finished product, called clinker, is created by sintering. In the cement mill, gypsum is added to the clinker and the mixture is ground to a fine power – traditional Portland cement. Other high-grade materials such as granulated blast furnace slag, fly ash, pozzolan and limestone are added in order to modify the properties of the cement.

PPC offers customers a wide range of cements. PPC's cement products include:

- *OPC.* OPC is a premium 52.5N Portland cement. It is effective for a broad range of applications in the construction, building, readymix, precast and concrete product manufacturing industries.
- *Surebuild.* Surebuild is a premium quality 42.5N cement that is suitable for general building operations, structural concrete and the manufacture of cement-based products.
- *IDM.* IDM is a general purpose 32.5N cement that is formulated for general mortar, plaster and concrete applications.
- *Sureroad.* Sureroad is a Portland-composite 32.5N cement that is suitable for the construction of cement-stabilised layers for roads.
- *Unicem.* Unicem is a general purpose 32.5N cement that is formulated for general mortar, plaster and concrete applications and is the leading cement brand in Zimbabwe.
- *PMC.* PMC is a MC22.5X Portland masonry cement manufactured and distributed in Zimbabwe.
- *Botcem.* Botcem is a 32.5R general purpose cement that is formulated for general mortar, plaster and concrete applications and is the leading cement brand in Botswana.
- *CIMERWA 42.5N.* CIMERWA 42.5N is Rwanda's locally-produced premium cement.
- *CIMERWA 32.5N.* CIMERWA 32.5N is Rwanda's locally-produced general purpose cement.

The Company believes it has access to sufficient reserves of raw materials, such as limestone, to supply all of its production plants over their projected useful lives. Supplies of gypsum are generally plentiful and the Group has experienced no difficulties in maintaining its sources of supply for the production of cement and clinker. The Group has a supplier in the Northern Cape for natural gypsum but also uses synthetic gypsum in its products.

Cement production is generally highly capital-intensive. Energy costs are also high in the cement industry. The Group uses alternative fuels such as industrial waste and other fossil-based waste, used tyres, solvents, plastics and waste oil in many of its plants and has successfully lowered the clinker factor in its final cement products to reduce emissions and energy consumption. The Group also enters into long-term supply contracts for certain of its energy needs, if appropriate. Improved plant design has also led to greater fuel efficiencies.

Materials

As part of the Group's strategy to be a world-class provider of materials and solutions, PPC revised its business structure to consolidate the Group's aggregates, readymix, fly ash, metallurgical-grade lime and burnt dolomite businesses into the Materials business. This business will report into the South African operations through a management committee.

The Materials business strategy is based on:

- Expanding the product and service offering;
- Broadening the offering into other African countries; and
- Growing cement sales volumes through support from the Materials business.

The Group's Materials business strategy aims to identify and capitalise on growth areas through both existing operations and new entities. A recent achievement is the addition of 3Q to complement the Group's Pronto readymix business.

In the three months ended 30 June 2016, revenue generated by the Group's aggregates and readymix business accounted for R296 million. In the three months ended 30 June 2016, revenue generated by the Group's lime business accounted for R220 million.

Aggregates

Aggregates include crushed stone, gravel and sand. The production process centres around quarrying, preparing and sorting the raw material, as well as quality testing. Aggregates are mainly used in the manufacturing of readymix concrete, concrete products and asphalt as well as for road building and railway track ballast.

The Group supplies high-quality construction aggregates to the civil construction sector and products for the chemical, metallurgical and agricultural industries. PPC has two aggregate quarries in Gauteng (Mooiplaas and Laezonia). The Group's Mooiplaas aggregates quarry has the largest aggregate production capacity in South Africa.

Readymix

Pronto, which has been 100% owned by the Group since July 2014, is a leading supplier of quality readymix concrete and mortars with ten batch plants in the greater Gauteng area supplying key commercial and industrial projects. Daily concrete orders are scheduled from each plant for efficient deliveries in 6- and 8-cubic metre trucks. The Group is the only company in Gauteng using truck-mounted conveyor belts designed to transport the concrete from the truck to the point of use where direct discharge is not possible at 60% of the cost of a concrete pump. Examples include suspended concrete floor slabs and retaining walls requiring up to 30m^3 of concrete.

In July 2016, PPC concluded the acquisition of 3Q Mahuma Concrete (Proprietary) Ltd ("3Q") on an asset-for-share agreement for a consideration of R135 million. 3Q was one of the largest independently-owned readymix concrete suppliers in South Africa and has been in business for the past nine years. The company has branches in Limpopo, Northwest, Northern Cape, Mpumalanga and Mozambique. As 3Q and Pronto have limited geographic overlap, the acquisition is expected not only to assist PPC in growing its cement market share but also in almost doubling the size of the existing PPC readymix business, supplying a total of approximately 400,000 cubic meters of readymix to the South African market.

Fly Ash

Ulula Ash Proprietary Ltd. ("Ulula Ash") supplies fly ash to the southern African market from its beneficiation plant at Eskom's power station in Kriel, Mpumalanga. Producing both classified and unclassified fly ash, the plant is designed and operated to facilitate fast turnaround times for tankers collecting loads. In recent years, Ulula Ash has penetrated various markets in supplying cement, concrete, readymix, civil, building, blenders, tile adhesives, mining and ash sand operations. The plant was recently upgraded.

Lime

The Group's lime business has grown from a small operation in 1907 producing lime for the burgeoning gold mining industry into one of the largest lime producers in the southern hemisphere. It is the leading supplier, based on the production and utilisation capacity of its production operations, of metallurgical-grade lime, burnt dolomite and related products in southern Africa.

The Group's lime products are used in key local industries such as steel and alloys, food manufacturing, gold, uranium and copper mining, as well as water purification. The most common use of lime is in steel manufacturing as a flux to remove impurities. Lime used in the steel industry must meet exacting physical and chemical properties, which the Group is able to manufacture. Lime is also essential in producing non-ferrous metals. For example, it is used to beneficiate copper ore, make alumina and magnesia for use in aluminium and magnesium manufacture, extract uranium and recover gold and silver.

The Group's range of lime products offers cost-effective neutralising agents for the treatment of acid mine drainage in both the gold and coal industries. The Group has developed a number of products for new power stations to be used in the flue gas desulphurisation processes. The Group's high grade of burnt lime, with available calcium oxide consistently above 88%, offers the possibility of higher sulphur dioxide absorption with lower equipment capital cost as well as minimal water usage.

11.5.2 ***Regions***

The Group's operations began in South Africa, but in 2010 the Group embarked on its Expansion Strategy to extract value from high-growth developing economies and diversify the Group's exposure away from the South African economy. The Group's current and commissioned projects related to its Expansion Strategy include the Harare Mill Expansion Project in Zimbabwe, the CIMERWA plant in Rwanda, the PPC Barnet plant expansion project in the DRC and the Habesha plant in Ethiopia.

South Africa

Currently, the Group has seven cement plants in South Africa, along with two milling depots, one lime plant, two aggregate quarries and two sales depots. The Safika Cement, Pronto and 3Q businesses add an additional milling depot, five cement blending plants and 26 readymix batch plants to South African operations.

In South Africa, the Group's product range includes the premier specialist brand OPC in the 52.5N strength category, the market-leading 42.5N Surebuild general-purpose cement and the SureRoad brand for use in road construction. The acquisition of Safika Cement expanded the Group's product offering with 32.5N cement under three brands: IDM Best Build, the Spar Build-It house brand and the P&L Hardware house brand (a wholly owned subsidiary of Cashbuild).

SK9 plant project

To supplement its South African operations and to increase the efficiency of its production capabilities, the Group is constructing a new 1mta kiln at Slurry, South Africa (the "SK9 plant"), featuring a six-stage pre-heater design with fourth generation clinker cooler and will include a new ball mill and bag filter. A number of modern technologies, including a six-stage pre-heater, separate in-line calcinator, a grate kiln cooler and a multi-channel kiln burner, have been incorporated into the SK9 plant design which is expected to result in optimised production, reduced heat and electrical energy consumption and increased plant availability. A higher level of automation and process control is expected to result in better tracking and quicker adjustment of process parameters to enhance consistent quality of plant output. With resource efficiency and sustainability considered central to the design of the SK9 plant, it will use a number of technologies that enhance the longevity of its components. Overall, the SK9 plant is expected to result in lower costs for the Group's South African operations.

The project is estimated to cost up to R1.7 billion and is currently on schedule for commissioning and ramp-up in 2018. The Company believes that, once complete, the SK9 plant will be the most modern plant of its kind in South Africa.

Botswana

PPC Botswana has a milling, packaging and a bulk dispatch operation in Gaborone, supporting a national distribution network, and the aggregates business operates two quarries in Kgale and Francistown. The Group's 32.5R Botcem product is manufactured at the Gaborone milling depot, and is complemented by the OPC and Surebuild brands which are also available in Botswana.

Zimbabwe

PPC Zimbabwe is a 70%-owned subsidiary of the Group and is the largest cement manufacturer in Zimbabwe, with a current installed capacity of just over 1mtpa. It has a clinker manufacturing operation at Colleen Bawn and a grinding and packaging plant in Bulawayo. OPC, Surebuild PMC and Unicem cement are produced and distributed from the Bulawayo factory. PPC Zimbabwe is the only supplier in Zimbabwe capable of offering palletised cement, which has reduced cost and customer turnaround times and also exports clinker from Zimbabwe to other countries including Zambia, Mozambique and Malawi.

The Group has recently invested in technical upgrades to modernise both the Colleen Bawn and Bulawayo plants. As a result, the Colleen Bawn plant has experienced improved reliability and is operating at higher production levels than were intended by the original design of the plant.

Harare Mill expansion project

As part of its Expansion Strategy, the Group is also currently constructing a 700,000tpa grinding and dispatch plant in Harare (the "Harare Mill") for US$85 million.

Harare Mill was 84% complete at 30 June 2016, and the Group expects it to be commissioned towards the end of 2016. Operational readiness activities are under way with staffing, skills transfer, material and equipment plans being implemented against a ramp-up plan. Once Harare Mill is commissioned, the Group plans to retire two of its smaller cement mills which would result in a combined national capacity of 1.4 mtpa. Commissioning and ramp-up is expected during the last calendar quarter of 2016.

Rwanda

In 2013, PPC acquired a 51% equity stake from the Rwanda Investment Group and the government of Rwanda in CIMERWA Limited ("CIMERWA"), the only integrated cement producer in Rwanda. The remaining stake is held by the government of Rwanda and other Rwandan institutions (Rwanda Social Security Board, Rwanda Investment Group and SONARWA General).

In the second half of 2015, CIMERWA commissioned a 600,000tpa cement plant near Mashyuza, Rusizi, Rwanda at a cost of US$165 million. As of the date of this Circular, ramp-up has been satisfactory and most of CIMERWA plant's provisional acceptance certificates were issued. The CIMERWA plant is well-located to supply cement to the Rwanda, eastern DRC and Burundi regions. From the CIMERWA plant, the Group produces a 42.5N Portland Pozzolana cement and a 32.5N Portland Pozzolana cement.

The product from the new plant has been well-accepted in the market, and CIMERWA's market share has risen in line with improved output. While, the political environment in neighbouring Burundi has restricted CIMERWA's ability to export to this key market, initiatives to develop the local transport industry are progressing and a contracted fleet has been introduced. Going forward, the Group plans to continue to optimise inbound and outbound logistics opportunities, such as reassessing in-house versus outsourced logistical channels, optimum fleet size, location of production facilities in relation to supplier location and types of transport utilised.

Democratic Republic of the Congo

The Group's cement trading business in the DRC imports and trades own-manufactured PPC branded cement into Kinshasa and Matadi. PPC currently exports a 32.5N and 42.5N class cement manufactured at PPC's South African facilities to the DRC. The Group has a sales depot located in Kinshasa.

PPC Barnet plant expansion project

As part of its Expansion Strategy, the Group, in partnership with the Barnet Group and IFC, is building a 1mtpa integrated cement plant near Kimpese in the Kongo Central province in western DRC, which is 230km south-west of the capital Kinshasa (the "PPC Barnet plant"). Ercom Engineering is the technical consultant and Sinoma is the EPC contractor.

As at 30 June 2016, overall total factory construction was 85% complete. The Group expects hot commissioning, or testing of plant operations with product, and first clinker production to take place at the end of the 2016 calendar year, with first cement production and sales to start in early 2017. Performance testing will be performed over the two months ending 30 April 2017, with an expected project completion date and handover of operations by the end of June 2017. Production ramp-up will coincide with first cement production.

The Group has a 69% interest in the PPC Barnet plant expansion project. The project is estimated to cost approximately US$280 million, however this could rise from 4% to 6% due to high contingency utilisation.

Ethiopia

In 2012, PPC acquired a 27% equity stake in Ethiopia's Habesha Cement Share Company ("Habesha") and in 2014 increased its stake to 31%. After a capital raising exercise in March 2016, PPC's shareholding rose to 35%. Habesha is the first cement share company in Ethiopia, with over 15,000 local shareholders.

Habesha's 1.4 million tonne per annum plant is well located, approximately 35km north-west of Addis Ababa (the "Habesha plant"). The project is funded by a combination of equity and debt financing by Development Bank of Ethiopia and PTA Bank. With an expected full project cost of around US$170 million to US$180 million, additional funds will be sourced from a two-step rights issue and debt funding. Both PPC and the Industrial Development Corporation ("IDC") have followed their rights in the first capital raising, with PPC investing a further US$5 million in March 2016. The capital-raising programme is forecast to be concluded by the third calendar quarter of 2016.

As at 30 June 2016, the Habesha plant was 74% complete. It is expected to be commissioned in the second calendar quarter of 2017. The main plant power agreement is in place with the Ethiopian power authorities and the contract for supply and construction of a 14km 132KV transmission line has been awarded. As of the date of this Circular, operational readiness preparation is progressing on schedule, with training for 30 key technical personnel in China planned for the second quarter of 2016.

11.5.3 *Shareholders Agreements*

Summary of Shareholders Agreement in relation to PPC Barnet DRC Holdings

Overview

PPC International Holdings Proprietary Limited ("PPC International") entered into a shareholders agreement with Barnet Group Sarl ("Barnet"), PPC Barnet DRC Holdings ("PPC Barnet") and IFC on 16 April 2015, as amended on 25 May 2015. The shareholders' agreement is to establish PPC Barnet as a joint-venture company to develop a limestone quarry and the PPC Barnet plant in the DRC. The shareholder agreement regulates the management of PPC Barnet and its subsidiaries, the relationship between the shareholders and shareholders' dealings with PPC Barnet and its subsidiaries.

Parties

PPC Barnet is owned by Barnet (21%), PPC International (69%) and IFC (10%).

Barnet is a company which directly held the quarry right, the surface rights and such other rights as are necessary for completion of the PPC Barnet plant. Pursuant to a deed of transfer, the quarry right and the surface rights have been transferred by Barnet to PPC Barnet.

IFC is a global development institution and a member of the World Bank, who agreed to provide project finance to PPC Barnet and to acquire shares in PPC Barnet.

Funding

Any funding required for the PPC Barnet plant will be sourced by means of financing arrangements negotiated and entered into between PPC Barnet, all or some of the shareholders of PPC Barnet and the international lenders providing debt financing for the PPC Barnet plant. The equity contributions recorded are US$91 million by PPC International, US$11.2 million by IFC and US$10 million by Barnet. Any additional funding required in excess of US$280 million up to US$300 million for project development costs is to be funded by PPC International, with no resulting dilution on the rest of the shareholders. Excess funding required above US$300 million for project development costs is to be funded pro rata by the participating shareholders, with dilution implications to the rest of the shareholders. Excess funding is to be sourced in the following order: (1) bank institutions; (2) shareholders; and (3) through a rights offer.

Reserved matters

Under the Shareholders' agreement, certain actions taken by PPC Barnet require approval of shareholders holding 88% or more of the shares then in issue, including, but not limited to, the sale of the entire business, disposal of certain essential assets and making a substantial investment in another business. IFC also has a veto right in relation to certain decisions or actions taken by PPC Barnet including, but not limited to, the disposal of more than 10% of the fair market value of the assets of PPC Barnet or any if its subsidiaries, any transaction that results in a change in control of PPC Barnet or any of its subsidiaries and the authorisation or undertaking of any type of liquidation event.

Summary of Shareholders Agreement in relation to CIMERWA

Overview

PPC Internatonal entered into a shareholders agreement with CIMERWA and the original shareholders of CIMERWA (being Rwanda Social Security Board, the Government of Rwanda, Rwanda Investment Group Ltd and Sonarwa Limited (together, the "original Shareholders")) on 12 December 2012. The shareholders agreement regulates the relationship between PPC International and the original shareholders and the continuation of CIMERWA'S business, which includes the manufacturing and marketing of cement.

Parties

CIMERWA is owned by PPC International (51%), Rwanda Social Security Board (20.24%), the Government of Rwanda (16.55%), the Rwanda Investment Group Ltd (11.45%) and Sonarwa Limited (0.76%).

Funding

Funding is to be sourced in the following order: (1) CIMERWA's own cash resources; (2) outside debt funding; and (3) a loan from the shareholders to be provided pro rata to their respective shareholdings in CIMERWA. In the third instance, if a shareholder fails to contribute its pro rata portion of the shareholder loan and another shareholder contributes more than its pro rata share, the shareholder contributing in excess has the option of acquiring such number of shares equal to the value of its excess contribution.

Reserved matters

Under the shareholders agreement, certain actions taken by CIMERWA require written consent of shareholders holding at least 75% of the entire issued share capital of CIMERWA, including, but not limited to, making any material changes in the nature or geographical location of CIMERWA's business, acquiring or disposing assets or property valued over 10% of the net asset value of CIMERWA and incurring any borrowings or making any loans in respect of CIMERWA or its assets other than in the ordinary course of business.

Summary of Shareholders Agreement in relation to PPC Zimbabwe

Overview

PPC entered into a shareholders agreement with Portland Holdings Limited ("PPC Zimbabwe") and the indigenous shareholders (being PPCZ Special Community Trust ("Community Trust"), Employee Share Option Plan Trust ("ESOP Trust"), the National Indigenisation and Economic Empowerment Fund ("NIEEF") and Strategic Equity Partners ("SEP Trust")) on 19 November 2012 to regulate the relationship between the shareholders and the shareholders' dealings with PPC Zimbabwe and in order to comply with Zimbabwean indigenisation requirements.

Parties

PPC Zimbabwe is owned by PPC (70.4%), Community Trust (10%), ESOP Trust (5.1%), SEP Trust (4.9%) and NIEEF (9.7%).

PPC has a call option against indigenous shareholders if they commit a material breach in terms of the shareholders' agreement. Further, no indigenous shareholder may dispose of its shares without PPC's consent or dispose of its shares in any manner that contravenes indigenisation legislation and/or PPC Zimbabwe's indigenisation certificate.

The shareholders agreement also includes extensive non-compete provisions, including prohibiting Shareholders from competing with PPC Zimbabwe across the full product range in all of the territories where PPC has operations, active projects or has commenced a project relative to any of its products.

Funding

In the event of corporate action, significant deterioration of the business or where operational working capital is required, the board of directors of PPC Zimbabwe may require the shareholders to provide capital to PPC Zimbabwe. Such capital will be provided pro rata by each shareholder by way of loan funding or as equity capital. If a shareholder fails to contribute its pro rata portion of the shareholder loan and another shareholder contributes more than its pro rata share, the value of the excess contribution will be converted into shares in PPC Zimbabwe.

11.5.4 *Manufacturing*

Through the Group's manufacturing processes, the Group converts limestone into cement and lime through nine cement factories, a lime factory, four milling plants, five blending facilities, five aggregate quarries and nine readymix batching plants.

For a description of the cement manufacturing process, see "13 Industry Overview – 13.2 The Manufacturing Process".

11.6 Customers

Overview

The Group's customers are typically involved in building and construction. The Group partners with governments and communities to provide infrastructure and housing and has been involved in building several landmarks in Africa throughout its history. Additionally, in all of the markets in which the Group operates, retail customers account for a significant share of sales volume.

Sales and pricing

In general, most cement markets in which the Group operates are under pricing pressure due to muted construction growth resulting from deterioration in the macro-economic environment since 2010 and new entrants in the market in recent years.

In South Africa, the retail inland area remains a highly congested and contested market, and the Group is under pressure to lower prices in certain retail markets where it supplies bagged cement. The Group has reassessed its prices by product in relation to competitive drivers in each region to support the inherent strength of the PPC brand and has also bolstered its product range with the quality 32.5N IDM product to complement its 42.5N Surebuild offering.

On the bulk-cement side, the Group believes its total value offering, brand and national footprint remain key differentiating attributes over competitors. The Group's experienced technical team also advises manufacturers of readymix concrete, precast and concrete products and construction companies on the use of PPC products.

The Group also has a strategic pricing mechanism that accommodates market-specific needs (e.g., per area, per segment, per customer, per product). The Group also works with its customers in certain regions to offer solutions, including integrated service delivery and product offerings.

The PPC brand

The Group is aiming to transition from a local South African brand to an African brand and, ultimately, a global brand. The Group believes that the power of its brand will be leveraged across the PPC product portfolio, making it easier to cross-sell and that brand exposure over time will ultimately benefit the Group as a whole.

In order for PPC to extend its portfolio of building materials, it has, in recent years, acquired IDM, Pronto, Ulula Ash and 3Q. The Group will, over an appropriate time period, migrate these businesses' brands to the PPC brand.

Technical support

The Group assists customers with technical support which includes testing materials in the Group's laboratories and helping customers resolve problems or issues in their operations. The Group's technical team offers customers a number of sophisticated analytical techniques that can be used for investigations in the field of concrete, concrete products and mortars.

PPC central laboratories (cement, chemistry and concrete) have been accredited under ISO/IEC 17025 for the past 12 years. The three laboratories enable the Group to develop a large number of technical products and solve complex problems, such as efflorescence (the migration of water to the surface of concrete and subsequent deposition of salts when the water evaporates) in various products.

The Group's technical team conducts training, delivers technical papers at conferences and conventions, lectures at universities, maintains relationships with authorities and associations, contributes actively to shaping standards and norms, and publishes specialist articles.

Marketing

The Group conducts customer surveys when developing marketing initiatives to ensure it addresses local needs and selects relevant mediums based on target markets to cover public, consumers, builders and business-to-business partners.

Below are some of the marketing initiatives undertaken by the Group:

- South Africa: The Group has secured the naming-rights sponsorship to Newlands, a cricket stadium, now known as PPC Newlands, under a two-year agreement with an option to renew for a further year. As part of the sponsorship, the Group has branding and advertising rights at the stadium. To leverage the sponsorship, the Group has partnered with cricketer JP Duminy to build three concrete pitches at disadvantaged Cape Town schools. The Group also advertises in the FNB stadium and the Newlands rugby stadium. In May 2016, the Group launched a radio and print brand campaign across South Africa, Botswana Lestho and Swaziland;
- Botswana: PPC brand is advertised on billboards, wall murals, radio and in print;
- DRC: The Group has branded outlets and displayed price boards and is also in the process of developing a strategic brand communication plan for the region;
- Zimbabwe: PPC brand is advertised on billboards and at Rufaro stadium in Harare; and
- Rwanda: PPC brand is advertised on bus shelters and in print.

The Group also sponsors industry conferences to reflect its commitment to contribute to the industry and sector, using the platform to improve standards, enable stakeholders to network and promote a sustainable building industry in Africa.

11.7 Employees

As at 30 June 2016, the Group had 2,212 employees located in South Africa, 858 employees located in the rest of Africa and 207 fixed-term contractors located in both South Africa and in the rest of Africa.

In South Africa (excluding Pronto and Safika Cement), 29.8% of employees are members of a recognised trade union. In Botswana and Zimbabwe, 46.3% and 60.6%, respectively, are members of a recognised trade union. The Group supports freedom of association and relevant agreements between the Company and various unions are in place. These agreements regulate the relationship between the Company and the recognised union and are in line with the Labour Relations Act 66 of 1955. The Group has not experienced any material industrial action in the past five years and believes that relations with its employees are good.

The development and growth of globally competitive people is a key principle of the Group's human resources strategy and culture. The Company believes in enriching the Group's employees by ensuring they have the right skills, knowledge and competencies to reach their potential. Talent development initiative programmes are designed to produce substantial benefits for both the Group and its employees and to ensure that the company has the talent it needs for now and the future. The Group also offers share incentive plans as a benefit to qualifying employees. For more information on the Group's share incentive plans, see "16 Additional Information – 16.2 Stated Capital and Major PPC Shareholders – 16.2.4 PPC share incentive plans".

11.8 Sustainability

Sustainability forms an integral part of the Group's business strategy.

Corporate Social Investment ("CSI")

The Group's CSI endeavours are central to its values of contributing to society, valuing diversity and respecting others, which underpins the Group's aim of being a responsible corporate citizen. The active involvement of the Group's people, through volunteering, remains at the core of its social investment strategy. The Group has many well-established CSI partnerships that are supported by volunteering initiatives.

The Group also donates to charities in response to requests for assistance across all regions and business areas of the Group, which enables allocation of meaningful grants in areas in which the Group operates.

The Group encourages its employees to volunteer and believes that far more can be achieved by deploying its knowledge, expertise and influence than by limiting contributions to cash grants.

In the six months ended 31 March 2016, the Group achieved the following accomplishments through its CSI programme in South Africa:

- 200 primary school children reached in its back-to-school campaign;
- five disability centres supported across the group; and
- over R8 million spent on socio-economic development across all areas of operations.

Some of the Group's key CSI initiatives in other African countries include, amongst others, a rehabilitation centre for people with disabilities in Botswana, a malaria vector control programme in the DRC, a project to improve water provision to local DRC communities, upgrading clinic and school facilities in Rwanda, socio-economic development focused on job creation in Rwanda and math and science classes for secondary school children in Zimbabwe.

Health and safety

The Group is committed to protecting the occupational health and safety of employees, contractors and visitors in the workplace and, in some cases, other stakeholders. The Group demonstrates this commitment through its occupational health and safety management system that is entrenched in all organisational activities and conforms to recognised occupational and railway health and safety standards and legal frameworks.

To achieve its desired occupational health and safety performance, the Group strives to:

- Build, through engagement and empowerment, a proactive, high-reliability health and safety culture at individual, leadership and organisational levels;
- Provide the necessary resources and implement formal systems and structures to ensure an effective health and safety management system for the Group to achieve related objectives;
- Maintain a specialised health and safety function for an informed view of associated risks arising from business activities;
- Continuously identify and control occupational health and safety risks to eliminate or minimise related hazards in the workplace and, where appropriate, neighbouring communities;
- Establish meaningful metrics to monitor health and safety performance, and use these to set goals for continual improvement;
- Report and investigate health and safety incidents and actively share best practices and lessons;
- Educate, train and develop employees and other stakeholders, where appropriate, to ensure each person is able to act in a way conducive to health and safety;
- Maintain open and transparent relations with all stakeholders on occupational health and safety matters; and
- Actively involve employee representatives in managing health and safety.

The Group expects its employees to be responsible for understanding the impacts of this policy on their day-to-day work practices and to apply and support these principles.

Safety performance

The Group recorded two fatalities at its South African operations in the six months ended 31 March 2016. As with all other significant incidents, full investigations are carried out and corrective steps and learnings are implemented throughout the Group.

The table below sets out the Group's safety statistics for the periods indicated.

Measure	Three months ended 30 June 2016	Six months ended 31 March 2016	Financial year ended 30 September 2015	Financial year ended 30 September 2014	Financial year ended 30 September 2013
Fatalities	–	2	–	–	1
Fatality frequency rate per 200,000 hours worked (12-month window)	0.02	0.05	–	–	0.02
Number of lost-time injuries	6	10	18	16	18
Lost-time injury frequency rate per 200,000 hours worked (12-month window)	0.28	0.24	0.24	0.25	0.28
Days lost to lost-time injuries	122	300	804	663	1,060
Significant administrative notices	1	3	4	2	9

Occupational health

All contractors and employees undergo health and safety induction before starting work for the Group.

In addition to entry, annual and exit medical examinations for its employees and contractors, the Group conducts extensive pre-deployment health evaluations for expatriate workers (including all employees and contractors travelling for international assignments). These include medical assessments, fitness to work and/or travel, individual travel health assessments, vaccination requirements and malaria prophylaxis.

All legal health and medical reporting requirements of the Department of Mineral Resources or the Department of Labour (as applicable) have been met. In addition, under the Mining Charter scorecard, the Group reports on HIV/AIDS and tuberculosis programmes run by clinics at Group operations. Prevalence is low for both diseases compared to other companies reporting to the South African Department of Mineral Resources on the prevalence of such diseases through the DMR 164 form. No cases of silicosis were reported during the period and the incidence is extremely low in the Group, with sites reporting zero silicosis cases over the last ten years.

Due to the heavily industrial environment, noise-induced hearing loss is a specific hazard for the Group. Several years ago, the Group introduced the use of personalised hearing protection in all of its established operations. New acquisitions and start-up operations will adopt this approach as appropriate. At all projects, the Group uses disposable hearing protection due to the turnover of construction personnel. Hearing-conservation programmes are in place at most sites and will be rolled out to new operations.

At the PPC Barnet plant in the DRC, the Group has implemented a malaria-control programme which includes malaria awareness induction, insect repellent, issuing malaria test kits and extensive malaria vector spraying at construction and accommodation sites, and adjacent villages.

The Group remains active in Chamber of Mines structures to interact, obtain information and add value on compliance with various elements of the Mining Charter. The related scorecard for all South African mining sites was completed and submitted in March 2016.

All of the Group's South African manufacturing sites are certified to the OHSAS 18001 standard.

Environment

The Group is committed to reducing the environmental impact of its operations while improving environmental performance. The Company strives to minimise or eliminate negative impacts and maximise positive impacts. The Company encourages its customers, suppliers and business associates to meet similar environmental goals.

PPC runs an energy-intensive business, and the Group is committed to developing energy and carbon management programmes throughout the organisation, considering lifecycle costs in procurement and design, and setting energy-efficiency targets. The Group aims to source 10% of its energy requirements from renewable or alternative energy sources by 2017.

The Group's focus on environmental matters extends beyond the Group to the broader industry. As a leader in the industry, PPC has actively invested in technology to reduce air emissions, minimise waste production, recycle and recover raw materials, enhance energy efficiency and conserve natural resources, while producing a reliable and affordable supply of building materials to support the economies of countries where the Group operates.

The key tenets of the Group's environmental commitment are as follows:

- Integrating environmental management into management practices throughout the Group;
- Implementing environmental best practices to reduce adverse environmental impacts of the Group's operations and, where practical, prevent pollution;
- Achieving continual environmental improvement by identifying significant environmental aspects and setting objectives and targets while reviewing environmental performance of the Group's workplace and surrounding environment;
- Ensuring compliance to environmental legislation and other requirements to which the Group subscribes;
- Responsible stewardship by managing natural resources through efficient energy strategies and implementing waste reduction and recycling where possible;
- Achieving effective and transparent communication with the Group's stakeholders through internal communiqués and environmental management stakeholder forums;
- Training and educating the Group's employees in environmental responsibilities and build capacity among the Group's stakeholders to identify, report and act on opportunities to minimise environmental impacts;
- Making adequate financial provision for environmental rehabilitation; and
- Managing the Group's land through concurrent rehabilitation and maintaining biodiversity.

Environmental compliance

All of the Group's South African cement operations are certified to ISO 14001 by an independent certification body SABS. The Group's lime facility is certified by Dekra and the Group's aggregates facilities are affiliated to ASPASA About Face (Aggregate and Sand Producer Association of South Africa) which follows the ISO 14001 framework.

Three NEMA Section 30 incidents were reported to the authorities in the six months ended 31 March 2016, relating to air emissions and storm water contamination. The Group's lime operations recorded excessive dust emissions after the failure of some bags in the bagfilter. At the Group's Dwaalboom operation, DK2 nitrogen dioxide emissions exceeded the limit for more than two days, which is a reportable incident. At the Group's Hercules operation, water entered the wash bay at the vehicle workshop during a flash flood and contaminated the storm water with hydrocarbons. The Group conducted the necessary clean-up and submitted reports to the relevant authorities. When incidents occur, PPC informs the relevant authorities and sends a follow-up report highlighting remedial actions that have been taken to rectify the situation.

The Group's international operations are aligned with the requirements of the World Bank Group and other lending institutions, and the Group is committed to implementing its environmental and social undertakings. At the Group's DRC construction site, a number of inspections indicated non-compliance of rehabilitation provision and waste management. Appropriate plans were developed and communicated to the authorities and the financial provision of non-compliance has already been resolved. Additionally, subsequent to an order issued by the Environmental Management Agency in Zimbabwe at the Group's Bulawayo factory, the Group's operations in Zimbabwe have installed and commissioned a fugitive dust extraction system for clinker offloading at its milling facility.

11.9 **Broad-Based Black Economic Empowerment ("BBBEE")**

BBBEE was introduced in South Africa in April 2004 and established the legislative framework for the promotion of black economic empowerment and, in particular, what it refers to as "broad-based" black economic empowerment. The primary goal of BBBEE is to promote the economic empowerment of previously disadvantaged people.

South African companies currently face the challenge of complying with revised codes of good practice. For most, the new codes have meant a substantial drop in their BBBEE level, and therefore their ability to tender for business. As with the prior codes, the Department of Trade and Industry's revised codes of good practice seek to transform the South African economy and a company's BBBEE score indicates its legislated contribution to this goal. As a responsible corporate citizen, PPC has adopted the principles of the codes and will continue to contribute to the benefit and growth of the South African economy. A good BBBEE score enables PPC to, amongst other things, conduct business with government entities and local companies aiming to procure from BBBEE-compliant suppliers to reduce economic inequalities in society and support the spirit of this legislation.

With the new codes, PPC's BBBEE level has dropped from two to eight. The revised codes particularly affected PPC's score in the skills development and enterprise and supplier development segments by significantly increasing the required recognition level and making both segments priority pillars. The required investment in skills development doubled from 3% to 6% of the wage bill while our enterprise development programme (Ntsika Fund) no longer qualifies for recognition.

To address these challenges, PPC is developing a transformation plan focused on the following key elements:

- Skills development – Focus on upskilling black employees, those with disabilities and unemployed youth; and
- Enterprise and supplier development – Invest in developing qualifying suppliers and enterprises that are black-owned and black women-owned.

In the medium-term, PPC aspires to achieve a level 4 rating as this will enable its customers to claim back 100% of their spending with the Group for their own preferential procurement points.

The DMR has also published the Mining Charter. As the quarrying of limestone, the primary raw material of cement, is classified as mining, the Group is classified as having mining operations. In addition, as the Group also has manufacturing activities, it is classified as a manufacturing company by the Department of Trade and Industry. Consequently, the Group is required to comply with both the Mining Charter and the Department of Trade and Industry's Broad Based Black Economic Empowerment Codes of Good Practice.

For details on the Group's BBBEE transactions, see "10 Operating and Financial Review – 10.8 Borrowings and contractual obligations – BBBEE transaction".

11.10 **Intellectual property**

The Group has registered its trademarks and other intellectual property rights in South Africa and several other countries around the world. The Group's trademarks and other intellectual property rights, including design registrations, are important to its success and competitive position, and the Group is susceptible to others imitating its brands and products and infringing on its intellectual property rights. The Group owns its trademarks and brands in all product categories in most of the jurisdictions in which it operates but not in all jurisdictions in which it operates or may operate in the future and, as a result, may experience brand confusion or dilution. See "6 Risk Factors – 6.2 Risks relating to the Group's industry and business – 6.2.27 The Group may not be able to protect its trademarks and other intellectual property rights".

11.11 **Information Technology ("IT")**

The Group has invested in IT platforms to support its business strategy. The IT platform is comprised primarily of the IT infrastructure platforms, ERP systems, maintenance scheduling platform, laboratory quality testing systems, control systems software, and collaboration and productivity platforms. This IT infrastructure platform is supported by approximately 40 IT professionals and is managed out of the main data centre in South Africa with thin distributed capabilities at some of the main factories. The staff is comprised of permanent employees who primarily run the operations and is complemented by specialists when required – mostly for the build capability. The Group's IT department partners with key suppliers, such as SAP, Telkom, Microsoft, and IBM to develop solutions for the Group's IT needs and strategies.

11.12 **Insurance**

The Group maintains insurance in such amounts and with such coverage and deductibles as the Company believes is reasonable and prudent. The Group is insured against claims resulting from general liability, including product liability and professional liability, as well as against property damage and business interruption, which it considers to be its principal risks. In the African territories in which PPC operates, local cover is purchased as required by in-country regulators. Expansion projects have "Construction All-risks" cover which includes comprehensive marine cover.

11.13 **Property**

The Group operates from nine cement factories, one lime factory, four milling plants, five blending facilities, five aggregate quarries and 26 readymix batching plants. The table below details some of the Group's major properties.

PPC Locations

RSA Cement Plants

	Name	Location	Year Opened	Reserves
1.	Hercules (cement factory)	Gauteng Province	1890	
2.	Slurry (cement factory)	North West Province	1916	70 years limestone reserves(1)
3.	De Hoek (cement factory)	Western Cape Province	1921	20 years limestone reserves(1)
4.	PE (cement factory)	Eastern Cape Province	1927	>100 years limestone reserves(1)
5.	Jupiter (cement factory)	Gauteng Province	1937	
6.	Riebeeck (cement factory)	Western Cape Province	1946 (bought) and 1960 (commissioned)	>100 years limestone reserves(1)
7.	Dwaalboom (cement factory)	North West Province	1984 (plant completed but mothballed) and 1998 (commissioned)	69 years limestone reserves(1)

ROA Cement Plants

	Name	Location	Year Opened	Reserves
1.	Botswana (blending facility)	Botswana	1996	
2.	Zimbabwe (cement factory)	Colleen Bawn and Bulwayo	2001	55 years limestone reserves(1)
	Harare (blending facility)	Harare	2016	
3.	CIMERWA (cement factory)	Bugarama, Rwanda	2015	13 years limestone reserves(1)
4.	PPC Barnet (cement factory)	Kimpese, DRC	2016	>100 years limestone reserves(1)
5.	Ethiopia (cement factory)	Gauteng Province	2017	27 years limestone reserves(1)

Lime

	Name	Location	Year Opened	Reserves
1.	Lime (quarry)	Northern Cape Province	1954	125 years limestone reserves(1)
2.	Lime (sales office)	Gauteng Province	1954	

RSA Aggregates

	Name	Location	Year Opened	Reserves
1.	Lazonia (quarry)	Gauteng Province	1996	30 years
2.	Mooiplaas (quarry)	Gauteng Province	2000	>100 years

(1) Years limestone reserves is the total lime reserves available divided by the amount of lime required for one year of production at the facility.

11.14 **Legal Proceedings**

In the ordinary course of business, the Group is involved, and may in the future become involved, in lawsuits, claims, investigations and proceedings, including commercial, environment, health and safety matters and tax claims. Ongoing litigation which could affect the Group includes the following:

- In 2009, the Group and other South African cement producers were implicated in a market sharing complaint lodged with the Competition Commission. Under the Competition Commission's Corporate leniency policy, the Group disclosed all the information discovered in its internal investigation to the Competition Commission and concluded a conditional leniency agreement with the Competition Commission in terms of which the Group will have immunity from prosecution. The leniency agreement is conditional on ongoing co-operation with the Competition Commission to which the Group is committed. As of the Last Practicable Date, the Competition Commission investigation of the complaint is not yet complete, and the conditional leniency agreement remains in place.

  For more information on the complaint lodged with the Competition Commission, see "6 Risk Factors – 6.2.21 The Group has been the subject of competition/anti-trust investigations".
- The Solidarity Union, acting on behalf of 30 white PPC employees at PPC Lime Acres, referred the creation of the PPC Masakhane Trust (the "Masakhane scheme") to the Labour Court, on the basis that they had been excluded from participating equally in the Masakhane scheme on the basis of race. They allege that the benefit flowing from the Masakhane scheme is a benefit that arises by virtue of their employment and that, as such, the Masakhane scheme constitutes unfair discrimination. The Company has submitted arguments refuting the claims made by Solidarity, and clarified the objective of the Masakhane scheme. Witnesses' statements were filed on 4 March 2015. A meeting with the judge hearing the matter was held on 13 March 2015 to determine the date of the hearing, and this matter is now being prepared for hearing on a stated-case basis. The Labour Court has not been approached for a hearing date.

PART 12

12. REGULATORY MATTERS

12.1 Introduction

The Group is subject to government regulations that affect all aspects of the Group's operations. In particular, as the Group's revenue generating operations are primarily situated in South Africa, government regulations in South Africa have a material effect on the Group's business.

Accordingly, the sections below set out the primary laws and regulatory concepts to which the Group is subject. Please also see the part of this document entitled ''Risk Factors'' for a further description of the risks such regulations and laws pose to the Group's business.

12.2 Black economic empowerment in the South African mining industry

The Constitution of the Republic of South Africa, 1996 places an obligation on the South African government to take legislative and other measures to redress the result of past racial discrimination and to implement a procurement policy providing for categories of preference in the allocation of contracts (for government procurement) and protection or advancements of HDSAs. As a result of these obligations of the government, and generally in an effort to provide HDSAs with access to property, business opportunities and other benefits generated by the South African economy, the South African government has embarked on a process of implementing a number of statutes aimed specifically at the advancement of HDSAs (and juristic persons owned or controlled by HDSAs). This process is referred to as black economic empowerment ("BEE").

The BBBEE Act and the BBBEE Codes published thereunder was enacted to give effect to the constitutional imperative of BEE which is intended to apply generally across all sectors of the South African economy. However, in the mining sector, the MPRDA is the key legislation regulating BEE and the participation of all South Africans in mining.

One of the objectives of the MPRDA is to substantially and meaningfully expand opportunities for HDSAs to enter the mineral and petroleum industries and benefit from the exploitation of South Africa's mineral and petroleum resources.

To give effect to the MPRDA empowerment objectives, the South African Minister of Mineral Resources (the "Minister of Mineral Resources") is required to grant a mining right if, *inter alia*, the grant of the mining right will further the socio-economic objectives of South Africa. Once a mining permit or licence has been issued, it contains BEE requirements specific to the operations, or holder, of such right. The prescribed BEE requirements must be complied with as a term and condition of the right and failure to do so could result in the right being suspended or cancelled.

Further, the Minister of Mineral Resources has developed the Mining Charter which sets a framework, targets and timetable for effecting the entry of HDSAs into the mining industry. The Mining Charter requires that mining companies should be at least 26% owned by HDSAs. Specific targets are set for HDSA ownership, procurement and enterprise development, beneficiation, employment equity, human resource development, mine community development, housing and living conditions, sustainable development and growth and reporting (monitoring and evaluation).

In addition, there have been a number of proposals made at the government level in South Africa regarding amendments and clarifications to the methodology for determining HDSA ownership and control of mining businesses. If implemented, any of these proposals could result in, amongst other things, stricter criteria for qualification as an HDSA investor and could create greater uncertainty in measuring the Group's Mining Charter compliance. The Company cannot predict the scope or timing of any further amendments or modifications to the BBBEE Act or the codes of good practice (the "BBBEE Codes") published in terms of the BBBEE Act and the impact that these may have on the Group's business. This new Mining Charter is currently being discussed by industry stakeholders and it is likely that this Mining Charter, if applicable, will contain more onerous HDSA ownership requirements than the current Mining Charter. In their current form, the BBBEE Codes are of limited relevance in the mining industry as the Mining Charter is the main regulatory instrument for BEE in the mining industry.

There is ongoing litigation between the South African Department of Mineral Resources (the "DMR") and the South African Chamber of Mines (the "Chamber of Mines") in relation to the proper interpretation of the HDSA ownership provisions of the Mining Charter. In May 2015, the Chamber of Mines (on behalf of mining industry) launched an application in the High Court of South Africa for a declaratory order regarding the interpretation of the HDSA ownership requirements of the Mining Charter and, specifically, whether a company's compliance with the Mining Charter is affected where it has achieved the targets set forth in the Mining Charter, but where the ownership stakes acquired by HDSAs were subsequently sold, thereby diluting the HDSA ownership of the relevant mining company. This court application is still pending.

In addition, in April 2016, the Minister of Mineral Resources published a revised Mining Charter for public comment.

PPC cannot predict the outcome of the aforementioned litigation or the Minister of Mineral Resources' revision of the Mining Charter or the Court's interpretation of the HDSA requirements or the implications of the foregoing on the Group's ongoing compliance with the Mining Charter. For more information on the Group's BEE transactions, see "10 Operating and Financial Review – 10.8 Borrowings and contractual obligations – BBBEE transaction".

12.3 Granting and duration of mining rights

The Mineral and Petroleum Resources and Development Act (the "MPRDA") came into effect on 1 May 2004. The MPRDA provides that South Africa's mineral and petroleum resources are the common heritage of all of the people of South Africa and the South African government is the custodian thereof for the benefit of all South Africans.

When the MPRDA commenced, it required the "old order rights" to be converted into new order rights. All the Group's old order rights were timeously lodged for conversion and have all been successful converted into new order rights.

In general, the new order mining rights are granted for a maximum period of 30 years, with renewals of up to 30 years each. Prospecting rights are valid for a period of five years, with one renewal of up to three years. As stated above, the renewal is not guaranteed.

The new order prospecting and mining rights are transferable only with the approval of the South African Minister of Mineral Resources and are subject to various terms and conditions, including commencement of operations within specified periods, payment of royalties or prospecting fees; continuing and active operations and compliance with work programmes, social and labour plans, environmental authorisations and empowerment requirements.

The new order prospecting and mining rights can be suspended or cancelled by the Minister of Mineral Resources if an entity has breached its obligations under the terms of the rights and has failed to remedy such breach after written notice of the breach from the Minister of Mineral Resources and an opportunity for response.

12.4 Environment

Overview

The Group's operations in South Africa are subject to South African environmental legislation and regulations, specifically the MPRDA and the NEMA. As set forth below, South African environmental legislation is far-reaching and constantly evolving with complex transitional arrangements. The ever-changing environmental regulatory framework offers new challenges in maintaining regulatory compliance and obtaining authorisation for new activities.

South African environmental law is largely permit-based and requires businesses whose operations may have an impact on the environment to obtain licences and authorisations for those operations. The required permits are only issued after an environmental impact assessment has been performed, which involves the identification and quantification of any environmental and social impact, as well as identifying appropriate mitigating measures to minimise any negative impact and enhance any positive impact of the regulated operations.

The required permits typically contain conditions that may be reviewed periodically to make the environmental standards which the holder is required to meet more stringent. In the recent past, a number of new laws have been promulgated which have repealed (either wholly or in part) historical legislation. In cases where permits were granted under repealed legislation, these generally remain valid under the transitional provisions of the new laws, however, there are often obligations placed on the holder to ''convert'' their historic permits into permits that comply with the new legislative standards. In some cases, this conversion process requires businesses to meet more stringent environmental standards, which are a result of the new laws, and may come at a significant cost to the businesses. Environmental legislation also stipulates general compliance requirements and incorporates a ''polluter pays'' principle by imposing a duty on every person causing significant pollution or degradation to the environment to take reasonable measures to prevent it from occurring, continuing and recurring, even in relation to those pollutants which have been authorised or regulated by law. A failure to take such measures may result in government authorities taking measures against, and recovering costs from, a wider range of parties other than the one on whom the duty primarily rests. This latter group may include a successor in title to the person who has caused the pollution. This aspect of the law may be retrospective in its application.

Recent developments in environmental regulation in the mining industry

As stated above, the MPRDA is the primary legislation that governs the exploitation of mineral resources in South Africa. Prior to 8 December 2014, the MPRDA also regulated the environmental management system which applied to the mining industry. In terms of the MPRDA, the applicants or holders of mining rights were required to have submitted environmental management plans or programmes ("EMPr") to address the environmental impact of their operations. The environmental management system in the MPRDA for the mining industry was slightly different to the environmental system which was governed by NEMA and applicable to all other industries.

Over the past few years, in order to create a uniform environmental management system for South Africa, the DMR and the Department of Environmental Affairs ("DEA") have embarked on an elaborate law reform programme. The main purpose of this law reform programme was to create a so-called One Environmental System which resulted in the amendment of NEMA and the MPRDA. The "One Environmental System" fundamentally altered the manner in which one applies for mining rights as well as the maintenance obligations relating to environmental obligations of mines (for example, environmental audits (formerly known as performance assessment reports)).

The One Environmental System became effective from 8 December 2014 and resulted in the transfer of the environmental management provisions in the MPRDA to NEMA, which has resulted in environmental management of the mining industry being governed by NEMA. This switchover came with a number of transitional arrangements, however these transitional provisions are not always adequate and sometimes create compliance gaps for holders of mining rights. For example, there are presently no provisions in force in the MPRDA or NEMA regarding pending applications to amend the EMPrs approved under the MPRDA. The effective implementation of the One Environmental System is dependent upon the commencement of the Mineral and Petroleum Resources Development Amendment Bill B15-2013 which the South African President has referred back to the South African legislature for reconsideration. The effective implementation of the One Environmental System is also dependent on Section 38B of the MPRDA being brought into force. The enactment of this section was delayed in the proclamation of the 2008 MPRD Amendment Act (Proclamation 17 in Government Gazette 36541).

Key environmental authorisations/approvals

NEMA provides for listing of activities that require an environmental authorisation before being undertaken and no person may commence such an activity unless the competent authority has granted an environmental authorisation. It is a criminal offence to commence a listed activity without the required environmental authorization, but a person who has commenced such an activity without an environmental authorisation may apply for rectification of this state of affairs.

Under the South African National Water Act No. 36 of 1998 ("NWA"), water cannot be owned, but is instead held in trust for the people of South Africa under the State's custodianship. Authorisation is required to undertake certain water uses specified in the NWA. This includes water storage; abstraction; disposal of waste water into the environment; dewatering a mine; and impacting a watercourse. Generally, large-scale water users, such as mines (including quarries) or industrial operators, are required to either apply for water use licences or, in certain cases, to only register water uses. In certain instances an entity is authorised to continue with a water use that was conducted lawfully under the predecessor to the NWA, the Water Act No. 54 of 1956, without the requirement for a water use licence. Use without authorisation is unlawful. If water use or water management is deemed unlawful, the Department of Water and Sanitation ("DWS") may issue administrative directives to enforce the NWA's provisions and criminal proceedings can be instituted against the unauthorised water user. For example, DWS may issue a directive to stop unlawful water uses at the relevant operations. Such a directive would disrupt such water user's operations.

The National Environmental Management Air Quality Act No. 39 of 2004 ("Air Quality Act") regulates air pollution in South Africa and prohibits the undertaking of activities listed under the Air Quality Act, including certain mining-related and processing activities, without an atmospheric emission licence.

In addition, the Air Quality Act and regulations made thereunder have stringent dust control requirements, which failure to comply with may result in enforcement action being brought against the Group. Some of the intervention measures that the Group may be required to put in place to control dust may have capital expenditure implications.

The National Environmental Management: Waste Act No. 59 of 2008 ("Waste Act") regulates the storage, treatment and disposal of waste, amongst other things, including waste generated by the mining sector. Waste management licences are required for certain waste management activities, depending on certain thresholds in relation to the waste. Waste management licences are not generally required for waste storage, however, such activities must comply with certain norms and standards.

Enforcement of environmental laws

All of the environmental legislation mentioned above makes it an offence to undertake any listed activity without the relevant licence or permit. The relevant statutes contain different penalties for different contraventions. Under a number of the environmental statutes referred to above, Group companies which are owners or occupiers of land on which mining or manufacturing activities take place are required to take reasonable measures to prevent pollution or contamination of the land they own, occupy or control.

The relevant authorities may issue administrative directives to enforce the provisions of the relevant statutes (especially NEMA, the NWA and the Waste Act) to take specific anti-pollution measures, continue with those measures and/or to complete those measures. In addition to this, it can order the suspension of part or all of a company's operations if there is non-compliance with the legislation. Contravention of these acts is also an offence and an offender may be liable for a fine or imprisonment, or both.

In addition, under NEMA, it is a criminal offence for any person to unlawfully and intentionally or negligently commit any act or omission which causes, has caused or is likely to cause significant pollution or environmental degradation or unlawfully and intentionally or negligently commit any act or omission which detrimentally affects or is likely to affect the environment in a significant manner. A maximum fine and/or imprisonment of R10 million and ten years, respectively, may be imposed for such an offence.

Compliance notices can also be issued under NEMA or other specific environmental management legislation for the temporary or permanent shut down of facilities at a mining operation or the entire mining operation. Directors and certain employees can also be held criminally liable in their personal capacity for offences under NEMA.

Although enforcement of such laws has traditionally been poor, the enforcement of environmental laws and prosecution of their contravention increased significantly in the last five years. For example, the Environmental Management Inspectors and Environmental Mineral Resources Inspectors ("EMIs") appointed in terms of NEMA have wide-ranging powers and can undertake both announced and unannounced inspections. These inspections have occurred at some of South Africa's major industrial facilities, resulting in a number of enforcement notices being issued and in some instances, criminal prosecutions being initiated. The recent focus of the inspections by EMIs has primarily been in the cement, power generation and refinery sectors, as well as the alloy, iron and steel industry.

Under NEMA, it is a criminal offence for any person to unlawfully and intentionally or negligently commit any act or omission which causes, has caused or is likely to cause significant pollution or environmental degradation or to unlawfully and intentionally or negligently commit any act or omission which detrimentally affects or is likely to affect the environment in a significant manner. A maximum fine and/or imprisonment of R10 million and 10 years, respectively, may be imposed for such an offence.

Directives or compliance notices can also be issued under NEMA or the MPRDA for the temporary or permanent shut down of facilities at a mining operation or the entire mining operation. Directors and certain employees can also be held criminally liable in their personal capacity under NEMA.

Financial provision for rehabilitation

The Group's companies that undertake mining activities (quarrying and exploration activities) are required to make financial provision for rehabilitation liabilities to the satisfaction of the respective local regulators. Directors of these companies may also be held jointly and severally liable for any unacceptable negative impact of operations on the environment, including damages caused by the company which they represent.

The Group's exposure to environmental liability in South Africa includes liability for historical/legacy liabilities and extends to implementation of anti-pollution measures, anti-flooding measures, and dewatering, monitoring, maintenance and post-closure management.

Both the MPRDA and NEMA have provisions regulating rehabilitation and closure, which are not entirely consistent. The MPRDA provides that a mineral right holder remains liable for any environmental liability, pollution, ecological degradation, the pumping and treatment of extraneous water, compliance with the conditions of the environmental authorisation and the management and sustainable closure of a mine, until the Minister of Mineral Resources has issued a closure certificate. NEMA provides that a mineral right holder remains responsible for rehabilitation of negative environmental impacts caused by its mining operations notwithstanding the issue of a closure certificate in relation to that mine.

When the Minister of Mineral Resources issues a closure certificate, he may retain any portion of such financial provision for latent and residual safety, health or environmental impact which may become known in the future.

In order to manage the risks associated with the Group's environmental rehabilitation obligations, the Group has a Group-wide "Environmental Provisioning" policy that sets out the minimum requirements for environmental provisioning. The key characteristic of the policy is flexibility, in that the Group's businesses in each jurisdiction are allowed to choose their manner of provisioning in compliance with the regulations of the local jurisdiction. In South Africa, Rwanda and DRC, where there are mandatory financial provisioning requirements, the Group uses a combination of bank deposits, trust funding and financial guarantees.

In addition to compliance with the local regulations, the policy requires adherence to minimum requirements, such as concurrent rehabilitation and regular assessment. However, the adequacy of rehabilitation funding cannot always be guaranteed.

Pollution, soil and groundwater contamination

The Group's operations generate a number of waste materials and by-products, which give rise to the risk of pollution of water sources and air quality or land degradation and could, harm the environment or the public. A number of environmental statutes impose certain duties regarding prevention and management of contamination which are briefly summarised below.

NEMA

NEMA is the primary statute governing environmental liability and imposes a statutory duty of care on all persons who cause, have caused or may cause significant pollution or environmental degradation.

NEMA specifically places a duty on an owner or person in control of land or premises, or a person who has a right to use land or premises where any activity or process is undertaken or performed, or any other situation exists that may potentially cause pollution or environmental degradation to take reasonable measures to prevent such pollution or degradation from occurring, continuing or recurring, or, insofar as such harm to the environment is authorised by law or cannot reasonably be avoided or stopped, to minimise and rectify such pollution or degradation of the environment. This extends to significant pollution or degradation that: occurred before the commencement of the NEMA; arose at a different time from the activity that caused the contamination; or arose through an act or activity of a person that results in a change in the pre-existing contamination.

A failure to undertake reasonable measures may lead to the Director-General or the provincial head of department issuing a directive requiring certain steps to remediate or prevent pollution.

Failure to take these steps may result in the authorities taking the required steps and recovering the reasonable costs from a range of people specified in NEMA as being responsible for pollution prevention or people who benefited from the measures being undertaken by the State. Failure to comply with a directive is also an offence and on conviction a person could be liable to a penalty of R10 million or imprisonment not exceeding ten years in terms of NEMA.

NWA

Similar to NEMA, the NWA imposes a duty on an owner of land, a person in control of land, or a person who occupies or uses the land on which any activity or process is or was performed or undertaken, or any other situation that exists, which causes, has caused or is likely to cause pollution of a water resource, to take all reasonable measures to prevent any such pollution from occurring, continuing or recurring.

The reasonable measures may include measures to cease, modify or control any act or process causing the pollution, comply with any prescribed waste standard or management practice, contain or prevent the movement of pollutants, eliminate any source of the pollution, remedy the effects of the pollution and remedy the effects of any disturbance to the bed and banks of a watercourse.

The NWA empowers the relevant authority to issue directives to any person who fails to take the necessary measures, to commence taking specific measures before a given date, diligently continue with those measures and complete them before a given date.

If the directive is not complied with, the authorities may intervene and take the necessary measures, and may then recover the costs associated with the clean-up, or remediation, of pollution from a range of the categories of potential target persons for pollution prevention liability, should this eventuality materialise in future.

The Waste Act

The Waste Act includes a broad definition of "contaminated" which includes the presence of a substance or micro-organism above its standard level of concentration which may adversely affect, directly or indirectly, the quality of the environment.

The contaminated land provisions create a number of concerns for landowners as they require the owner of land that is considered to be significantly contaminated, or a party which undertakes an activity that caused the land to be significantly contaminated, to notify the relevant authority of the contamination as soon as it becomes aware of it. Failure to do so may result in either a fine of up to R5 million or imprisonment for up to five years, or both. This penalty may be imposed in addition to any other penalty under NEMA.

Although the contaminated land provisions are similar to the duty of care in NEMA and NWA they create a new form of liability for landowners akin to strict liability. The contaminated land provisions require the owner of land that is considered to be significantly contaminated, or a party which undertakes an activity that caused the land to be significantly contaminated, to notify the relevant authority of the contamination as soon as it becomes aware of the contamination. The landowner is also required to remediate the contaminated land.

Remediation orders or directives relating to the monitoring and management of the contamination risk may be issued, which may require the person against whom the order is issued to undertake the remediation at his or her own cost. Contravention of such an order or directive may result in a fine of up to R10 million to be imposed or imprisonment for up to ten years, or both, in addition to any other penalty under the NEMA. The orders and penalties may be imposed against any party, irrespective of whether that party is responsible for the contamination. Landowners or people conducting "high risk" activities are particularly at risk of being held responsible for the remediation of land contaminated by someone else.

12.5 **Occupational Health and Safety Regulation**

The health and safety of employees in the mining industry in South Africa is governed by the Mine Health and Safety Act No. 29 of 1996 ("MHSA"), which is enforced by the Inspectorate of Mine Health and Safety, a part of the DMR. The health and safety sector in cement manufacturing factories or readymix industry (outside of the area of mining rights) is subject to the Occupational Health and Safety Act No. 181 of 1993 (the "OHSA"), which is enforced by the South African Department of Labour.

Under both the MHSA and the OHSA, the Group is obliged, amongst other things, to ensure, as far as reasonably practicable, that the Group's mines (quarries) and factories/plants are designed, constructed and equipped to provide conditions for safe operation and a healthy working environment. Both Acts also require the Group to ensure that its mines (quarries) and factories/plants are commissioned, operated, maintained and decommissioned in such a way that employees can perform their work without endangering their health and safety or that of any other person. The Group is also obliged to ensure, as far as reasonably practicable, that persons who are not employees, but who may be directly affected by the Group's operations are not exposed to any hazards relating to their health and safety. Both statutes allow inspectors to issue safety compliance notices to the employers and, should the inspectors feel that the action is warranted, to temporarily close part or all of the operations of the employer.

12.6 Statutory royalties

The Mineral and Petroleum Resources Royalty Act (the "Royalty Act") was promulgated in November 2008 and implemented on 1 March 2010. The Royalty Act imposes a royalty on the first transfer of refined or unrefined minerals extracted from South Africa, payable to the State, calculated on the actual or deemed gross sales amount at the statutorily determined saleable condition (i.e. whether the mineral is in a refined or unrefined condition as determined in accordance with Schedules 1 and 2, respectively, of the Royalty Act).

The royalty rate is determined in terms of a formula using the taxable mining income of the holder of the right (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure and allowing for a deduction of the mining capital expenditure permitted for income tax purposes as opposed to depreciation. The maximum royalty rate is 5% for refined mineral resources and 7% for unrefined mineral resources. This royalty rate is then applied to the extractor's sales or its "deemed" equivalent at the specified condition of the mineral to determine the royalty payable. There is also an arm's length adjustment, where applicable. A maximum royalty rate of 5% of revenue applies to refined minerals.

In 2013/14, the South African government established the Davis Tax Committee, which was tasked with, *inter alia*, reviewing existing mining taxes in South Africa. The Davis Tax Committee submitted its First Interim Report on Mining on 1 July 2015 and made various recommendations, including that:

- the mining corporate income tax regime be aligned with the tax system applicable to other taxpaying sectors generally, leaving the royalty system to respond to the non-renewable nature of mineral resources; and
- the upfront capital expenditure write-off regime be discontinued and replaced with an accelerated capital expenditure depreciation regime in parity with the write-off periods provided for in respect of manufacturing assets.

The Company cannot predict the scope or timing of any South African tax law amendments that may result from recommendations made by the Davis Tax Committee or the impact that any such amendments may have on the Group.

12.7 Carbon tax/climate change policies

The South African government is considering the introduction of a carbon tax to reduce greenhouse gas emissions. Various regulatory instruments and policies that are required to implement such a carbon tax are currently being drafted. These include the Draft Carbon Tax Bill published for comment in November 2015; the Carbon Tax Policy Paper; the Carbon Offsets Paper and the Climate Change Response Paper.

Currently, the proposed carbon tax will be R120 per tonne of CO_2 emitted; however, if the carbon tax is adopted in its currently proposed form, 60% to 95% of emissions would initially be tax exempt. The discount will continue to apply until 2020. The net carbon tax will therefore be between R6 and R48 per tonne of CO_2 emitted. The discount will be scaled back gradually from 2020 and may then be replaced by absolute emissions thresholds.

12.8 **Land use**

While national and provincial policies exist and may be developed for land use planning, South African municipalities are constitutionally empowered to regulate the effective administration of land use planning within their respective jurisdictions. Land use regulation is implemented through zoning schemes which determine and administer land use rights and the restrictions on such rights. The zoning schemes reflect all permissible land use rights on properties within the municipality's area of jurisdiction. Deviations from the zoning scheme are only permissible upon application for the necessary departure, land use consent or re-zoning application as regulated by the applicable scheme.

While previously it was in dispute whether municipal planning had the power to regulate mining activities, recent (April 2012) Court judgments in the cases of City of Cape Town v Maccsand Proprietary Limited and Others and Minister for Mineral Resources v Swartland Municipality and others, confirmed that town planning approvals and consents are required for mining activities. The effect of these judgments is that all mining operations need to be conducted on land which is appropriately zoned for mining. Mining companies run the risk of being interdicted from continuing with their operations pending a re-zoning if the land on which they are operating is not appropriately zoned. The practical implications of complying with these judgments are numerous and will need to be considered further by the Company's operations. This is further complicated by the fact that South Africa has provincial land use planning laws which are different for each province. Although land owners would typically be the applicant for re-zoning, the Company's operations are not always conducted on land which the Company owns; however, the Company owns all surface rights on which mining activities are conducted. Accordingly, the Company will be required to request amendments to zoning schemes in municipalities in which the Company mines.

12.9 **Land claims**

The Restitution of Land Rights Act No. 22 of 1994 (the "Land Restitution Act"), provides for the restitution of rights in land to persons or communities who have been dispossessed of such rights as a result of past racially discriminatory laws or practices subsequent to 19 June 1913. Claims under the Restitution of Land Rights Act had to be lodged by 31 December 1998; however, recently there has been some consideration given to reopening this period for the lodgement of further claims.

The Land Claims Court may order: (i) the restoration of land or any portion of land; (ii) the South African Government to grant the claimant an appropriate right in alternative South African Government-owned land; (iii) the South African Government to pay the claimant compensation; (iv) the South African Government to include the claimant as a beneficiary of a South African Government-supported program for housing or the allocation and development of rural land; or (v) the South African Government to grant the claimant any alternative relief. Before the Land Claims Court makes an order of restoration of rights in land, it takes into account the feasibility of such an order.

The Land Restitution Act provides the statutory framework for the restitution process. A landowner cannot be compelled to grant rights in land or compensation to any successful claimants. Any restitution claims lie against the South African Government and any form of restitution (restoration or equitable redress) must be granted by the South African Government. If land is expropriated for purposes of an expropriation order, the landowner is entitled to just and equitable compensation.

Generally a claim is made only to the surface rights attaching to the land and not to the mineral rights as well. However, the legal position on the question is not clear. South African case law, decided before the MPRDA took effect, indicates that a claim under the Land Restitution Act may include mineral rights. The substantial change to the South African mining and mineral law regime brought about by the MPRDA may arguably prevent a claim in respect of the mineral rights. If a land claim is settled in favour of the claimants, this should not stop mining or prospecting operations, as the mineral rights holder has statutory rights relating to accessing the land. There may however be a delay while access terms and conditions, including terms relating to the right of a land owner to claim compensation for environmental and other damage caused to the land by the mineral rights holder, are negotiated with any new land owner.

12.10 **Exchange Control**

South African law provides for Exchange Controls which, amongst other things, regulate the flow of capital from the Common Monetary Area which comprises Lesotho, Namibia, South Africa and Swaziland. The Currency and Exchanges Act No. 9 of 1933 empowers the President of South Africa to make regulations in relation to any matter directly or indirectly relating to currency, banking or exchanges. The Minister of Finance is responsible for all matters regarding exchange control policy, and certain of these powers and functions have been delegated to the SARB, more specifically the Financial Surveillance Department. The Financial Surveillance Department has wide discretion in how it administers Exchange Controls. Such discretion is subject to the policy guidelines laid down by the Minister of Finance, the Director General of the South African Department of Finance and the SARB.

Certain South African banks have been appointed to act as Authorised Dealers in foreign exchange ("Authorised Dealers"). Authorised Dealers may buy and sell foreign exchange subject to conditions and within limits prescribed by the Financial Surveillance Department.

The Authorised Dealers are also required to assist the Financial Surveillance Department in administering the regulations, rulings and circulars of the Financial Surveillance Department regarding the implementation of Exchange Controls. All applications to the Financial Surveillance Department are required to be made through an Authorised Dealer. The Exchange Control Rulings, issued by the Financial Surveillance Department, set out the conditions, permissions and limits applicable to transactions in foreign exchange which Authorised Dealers may undertake, as well as details of related administrative responsibilities. The Exchange Control Regulations, which are administered by the Financial Surveillance Department are applied and regulate transactions involving South African exchange control residents, including companies, such as PPC. Each member of the Common Monetary Area applies exchange controls in a similar manner and residents may only transact through an authorised dealer in the country in which they are resident.

The broad ambit of South African exchange control regulation is to prohibit the export of capital from South Africa by South African residents. It is the stated objective of the authorities to achieve equality of treatment between residents and non-residents for exchange control purposes as it relates to inflows and outflows of capital. While the South African government has relaxed Exchange Controls in recent years (as announced from time to time in budget speeches and medium-term budget policy statements issued by the Minister of Finance), the Group expects current exchange controls to remain in place for the foreseeable future.

The Group is subject to various forms of such controls. The Group is generally not permitted to export capital from South Africa, incur indebtedness denominated in foreign currencies or acquire an interest in a foreign venture without the approval of the relevant South African exchange control authorities. As a result, the Group's ability to make foreign investments and procure foreign denominated financing is restricted. In particular, the Group may not freely transfer the funds raised pursuant to the Rights Offer in South Africa out of the Common Monetary Area without the approval of the SARB.

12.11 **Labour Relations Act**

The Constitution gives every person the right to fair labour practices. The South African Labour Relations Act No. 66 of 1995 (the ''LRA'') is the principal legislation that gives effect to the framework in which employees, employers and industrial relations at an individual and collective level are regulated. As a premise the LRA regulates the manner in which employees, employers, trade unions and employer's organisations interact and engage with one another in the work place. This includes processes related to collective bargaining, wage determination, determination of terms and conditions of employment, the formulation of industrial policy and employee participation in the decision-making processes.

The LRA framework is geared at the protection of employee and employer rights through various structures. Principally the LRA allows for the creation of trade unions and employer's organisations. The extent of entitlement of the trade union is subject to the size of its membership base. Depending on the number of employees who are members of the trade union, the trade union will be allowed access to the workplace, representation at the workplace, to have meetings at the workplace and on access to information concerned with the employment of the employees. To be entitled to enter into collective agreements with the employer, the trade union must have as its members the majority of the employees at the workplace.

The LRA does not provide for a statutory duty to bargain collectively or otherwise, which is a purely voluntary decision. It also does not prescribe that bargaining can only be achieved if a trade union reaches a 50% plus 1 majority status in the appropriate bargaining unit or bargaining forum. The LRA endorses a co-operative approach whereby two or more trade unions can aggregate their membership for the purposes of achieving majority status in a collective bargaining unit or forum.

If a dispute between the employer and employee arises the LRA clearly delineates the lawful context in which this may occur. As a premise the LRA strictly stipulates and regulates the requirements for a lawful strike, lockout or picketing. In this regard the LRA expressly identifies who is allowed to engage in industrial action of this nature, which processes must be followed and for which purposes employees and employers may engage in such industrial action. Should the industrial action require the parties to engage in a process of consultation and negotiation, the LRA also prescribes the procedures to be followed.

If the conduct of the parties, for whatever reason, result in the dismissal of employees, the LRA establishes the Commission for Conciliation, Mediation and Arbitration ("CCMA") as a principal forum for the resolution of any disputes resulting from such dismissal. The LRA defines unlawful dismissals as being either automatically or not automatically unfair. The type of dismissal will depend on the nature thereof and the prevailing circumstances at the time of dismissal, an example being dismissals arising from operational requirements.

A process of mediation and conciliation is pre-emptory in this regard. Should the dispute remain unresolved, parties will be required to enter into a process of arbitration, and the award made by the Commissioner would be final.

12.12 Employment Equity Act

Subject to recent amendments to the Employment Equity Act, No. 55 of 1998 (''Employment Equity Act'') it is imperative that regard must be had of the necessity to remunerate employees equally based on the principle of equal pay for work of equal value. Work will be identified as of equal value when the work done by the employee is the same, substantially the same or of equal value when compared to an appropriate comparator.

To determine whether differentiation between employees occurs, the Employment Equity Act identifies 22 listed grounds upon which an employer could potentially differentiate between employees. Differentiation in this regard is presumed to be unfair discrimination between employees. The Employment Equity Act furthermore identifies an ''arbitrary ground'' of differentiation as a ground upon which unfair discrimination can take place.

Should an employer be guilty of not remunerating employees equally based on the principle of equal pay for work of equal value, discriminating against an employee on a listed ground, or of sexual harassment, the Employment Equity Act also identifies the CCMA as the forum of first instance to resolve the dispute through a process of conciliation. Should the dispute remain unresolved after conciliation, the matter may either be referred to the Labour Court for adjudication, or remain with the CCMA for arbitration if the requirements imposed by the Employment Equity Act are met.

PART 13

13. INDUSTRY OVERVIEW

13.1 Global cement industry overview

The demand for cement in most developing countries is driven by two key variables: population size and economic development. The relative size and growth rate of a country's GDP as well as the rate of urbanisation correlates to the amount of fixed direct investment in such country. Africa, in particular, is expected to be the fastest urbanising continent over the next 35 years, according to the Mo Ibrahim Foundation 2015 African Urban Dynamics Report.

As a result of this dependence on macro-economic factors, demand for cement is typically cyclical in nature. For example, in oil exporting countries such as Angola and Nigeria, demand for cement has reduced in line with the declining economic growth in such countries. For this reason, cement companies tend to have diversified international portfolios and a long-term view on capacity investment due to the fluctuation in plant utilisation and selling prices over the life of a cement plant.

Global cement consumption per capita is approximately 600kg per annum. This is primarily driven by China, with a per capita cement consumption of over 1,000kg per annum. A developed country will average around 200kg per capita in cement consumption per annum. Africa's per capita cement consumption is estimated to be between 150kg and 175kg per annum. This ranges from highs of 700kg in some north African countries to lows of 25kg in countries in central Africa.

Developing countries procure most of their cement through a retail distribution system. Depending on the level of development of the country, the percentage of cement acquired through the retail channel can be over 80%. This results in most cement being sold in a 50kg paper or woven poly propylene bag. As countries become more developed and their economies more sophisticated, the percentage sold through retail reduces and more cement is sold via bulk tankers instead.

Cement is a building material that does not get consumed in isolation and is always used as an ingredient in some form either of concrete or mortar. To exploit this interdependency and to reduce cement demand volatility, cement companies may invest in adjacent businesses (such as aggregates for concrete) and downstream businesses (such as readymix concrete producers).

Additionally, cement has a low value to weight ratio and therefore distribution distances for cement is limited. However, in certain circumstances, cement can be competitively transported by sea or river to markets situated around a port. Consequently, for many years, the industry has mitigated this cost by partly substituting traditional fuels with alternative fuels such as combustible refuse.

For a description of the local cement industry in each of the countries in which the Group operates, see "– 13.3 Cement industry by region" below.

13.2 The Manufacturing Process

The primary raw material required for the manufacture of cement is limestone. This is a naturally occurring ore found containing varying levels of calcium carbonate. During the manufacturing process, approximately a third (by mass) of the limestone is lost, so manufacturing facilities are often located near limestone deposits. Deposits of suitable quality limestone are not as abundant in Africa as in other continents, which creates some challenges for cement manufacturers as in many cases these deposits are situated in remote areas which have no infrastructure and limited local skills. They also tend to be located away from key markets, resulting in high cement distribution costs. The high levels of electrical and thermal energy required by cement production, which requires combustible fuels like coal, gas, heavy fuel oil or pet coke, are key cost inputs that can be compounded by inbound transportation costs if such materials are not available locally.

Cement manufacturing can be described in ten steps, as outlined below:

1. Quarrying raw materials

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

2. Crushing

The raw material is loaded into trucks in the quarry and hauled to the primary and secondary crushers in which the maximum stone size is reduced to between approximately 25mm and 75mm.

3. Homogenising, proportioning and raw meal grinding

Homogenisation of the crushed limestone takes place in blending beds to improve its chemical consistency. The limestone is then proportioned and milled to a fine powder, together with relatively small amounts of "corrective" materials such as iron ore, shale, clay or sand to produce "raw meal". This process is very carefully controlled to ensure that the correct chemical composition of the raw mix (and hence the quality of the clinker and ultimately the cement) is obtained. The raw meal powder is further blended in silos to produce "kiln feed".

4. Preheating

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

5. Precalcining

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

6. Clinker production in the rotary kiln

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

7. Cooling and storing

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

8. Blending

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

9. Clinker grinding

The clinker and gypsum mixture is finely ground, together with other materials if applicable, into a grey powder called cement. If the cement consists predominantly of clinker and gypsum, it is termed a "pure" cement (CEM I). Blended cements are denoted CEM II, III (slag only), IV or V, with standard nomenclature to identify the type and amount of extender as well as the strength class into which the cement falls.

10. Storing and dispatching cement

The final product is stored in cement silos from where it is packed into bags by automatic electronic packers and loaded onto road or rail trucks for dispatch. Bulk cement is loaded directly onto rail or road trucks.

13.3 Cement industry by region

South Africa, Botswana, Lesotho and Swaziland ("SABLS")

Because there is negligible cement production capacity in Botswana, Lesotho and Swaziland, these countries rely on South Africa for clinker and/or cement and comprise part of this discussion on the cement industry in South Africa. Cement was first produced in South Africa in 1892 by the Group, and since then, demand has grown in the SABLS region to a peak of 15 million tonnes in 2007. In 2015, cement demand in South Africa was 13.8 million tonnes and around 14.7 million tonnes for SABLS.

According to the Bureau for Economic Research, cement demand in SABLS is expected to decline in 2016, whilst growing by an average of 2.0% over the next four years.

While the outlook for 2016 is negative, according to the Bureau for Economic Research, local producers are expected to benefit from reduced imports as a result of recent changes in the applicable South African tax regime and the devaluation of the Rand against the US dollar. Imports (primarily from Pakistan) peaked in 2014 at around 10% of the market. According to South African Revenue Services' data and the Company's calculations, for the six months ended 30 June 2016, imports were estimated to be less than 3% of the market.

There are six local producers of cement (in order of decreasing capacity as estimated by Management): PPC, Afrisam, LafargeHolcim, Sephaku, NPC and Mamba.

Zimbabwe

Economic growth from the "dollarisation" of the Zimbabwe economy in 2009 has slowed sharply since 2012 due to declining commodity prices, ongoing political uncertainty and, in 2015, a severe drought adversely affecting agriculture output and electricity generation. According to the World Bank, Zimbabwe's outlook for 2016 remains difficult and growth in GDP is projected to remain around 1.5%.

Cement demand in 2015 was 1.2 million tonnes, or a per capita consumption of 91kg per annum. The main area of demand is in the capital, Harare, in the northern part of the country. The weakening regional currencies against the US dollar and increased regional capacity (primarily in Zambia) have caused imports from neighbouring countries to grow.

There are three cement producers in Zimbabwe with an estimated combined capacity of 1.8 million tonnes per annum (in order of decreasing capacity): PPC, LafargeHolcim and Sino Cement.

Rwanda

Although Rwanda is a small country, it is centrally located in Africa with access to Burundi, mid-eastern DRC, southern Uganda, and north-western Tanzania. The region's economy is growing from a low GDP per capita base. Mid-eastern DRC, in particular, has displayed strong characteristics of economic growth.

Between 2001 and 2015, real GDP growth in Rwanda averaged approximately 8% per annum. Growth is expected to remain in the range of 7% per annum for the next five years. This strong economic growth has and will continue to drive the demand for cement. It is estimated that the Rwandan cement market has grown strongly in the last five years, from about 0.3 million tonnes in 2011 to 0.6 million tonnes per annum in 2015. This equates to an annual consumption of 60kg per capita. Other than the 0.6 million tonne CIMERWA integrated plant in which PPC has an interest, all cement in Rwanda is imported.

DRC

Over the past decade, there has been stable economic growth in the DRC, despite its remaining one of poorest and least developed countries in the world. The DRC achieved GDP growth of an average of 7.8% per annum between 2010 and 2015, driven by strong performance in the DRC's robust extractive industries and related investments.

Management estimates that the cement market demand (i.e. excluding latent demand from shortages) for 2016 in the western DRC will be approximately 1.0 million tonnes per annum, the majority of which will be from the greater Kinshasa area. The demand from residential construction, roads and related infrastructure and government facilities will continue to require significant cement volumes if the positive economic trajectory of the DRC continues.

Due to the experience of the Group's in-country DRC team, management of the Group believes that the immediate shortages caused by any disruptions in the cement supply chain indicate that the supply demand balance in Kinshasa and western DRC is finely balanced.

As of the date of this Circular, there is only one local manufacturer in DRC, Heidelberg-CILU. Imported cement from various countries come through the Port of Matadi, but there are internal supply chain difficulties and expenses as well as port congestion, raising the delivery cost of imported cement in Kinshasa. Imports from Angola, which may involve unlawful crossing of the border, have recently increased significantly. In July 2016, the DRC announced a ban on all cement imports, but the effectiveness and effect of this is yet to be fully understood. Imports into western DRC have been banned for three months from the date of the DRC government's decision on 8 July 2016. As of the Last Practicable Date, all companies with existing import permits are still allowed to bring cement into the western DRC through October 2016, while the ban was entirely lifted in the eastern DRC. In addition, the DRC implemented a blanket import tariff of US$1.50 per bag for all imported cement into the western DRC only, with immediate effect. The Group believes this will have a positive impact on its operations in the western DRC, while exports from its CIMERWA plant in Rwanda to the eastern DRC should remain unaffected.

Apart from the Group's 1 million tonne per annum plant being built in Kimpese, a 1 million tonne per annum plant is being built by a joint venture that includes Lucky Cement, which is estimated to be commissioned by end 2017. There is a dormant plant (CINAT) which may re-enter the market in the future.

Ethiopia

According to NKC Africa Economics' May 2016 quarterly report, Ethiopia's natural resources, demographics and infrastructure investment programme will continue to support growth going forward, with an average growth forecast of just over 7% for the next four years.

These positive trends along with the Ethiopian government's plans for growth and transformation will support cement demand through higher levels of infrastructure development, industrialisation and housing. In 2010, total cement consumed was approximately 2.1 million tonnes, however, by 2014, annual cement consumption grew to an estimated 5.4 million tonnes. The country's cement market is highly concentrated around Ethiopia's capital city, Addis Abbaba.

There are a number of existing and new cement producers in Ethiopia which has made the selling environment more competitive in recent years. The entry of modern cement plant producers into the market has also resulted in the rationalisation of smaller cement producers. The largest cement producers in Ethiopia are Derba, MIDROC and Dangote Cement.

PART 14

14. TAXATION

The following summary describes certain tax consequences of receiving, exercising and disposing of the Rights and acquiring, owning and disposing of the Rights Offer Shares. It is not a complete description of all the possible tax consequences of such purchase, ownership or disposition. This summary is based on the laws as in force and as applied in practice on the date of this Circular and is subject to changes to those laws and practices subsequent to the date of this Circular. In the case of persons who are non-residents of South Africa for income tax purposes, it should be read in conjunction with the provisions of any applicable agreement for the avoidance of double taxation concluded between South Africa and their country of tax residence. Investors should consult their own advisers as to the tax consequences of the purchase, ownership and disposal of Rights Offer Shares in light of their particular circumstances, including, in particular, the effect of any state, regional, local or other tax laws.

14.1 South Africa

This summary of certain material South African tax consequences only deals with PPC Shareholders that are SA Holders, as defined below, and that will hold the Rights Offer Shares as capital assets. As used herein, the term "SA Holder" means a "shareholder" who is: (i) a natural person ordinarily resident in South Africa; (ii) a natural person not ordinarily resident in South Africa, but whose physical presence in South Africa exceeds certain minimum thresholds; or (iii) a person, other than a natural person, which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa and that is effectively deemed to be a tax resident of South Africa. The term does not include any person who is deemed to be exclusively the resident of another country for purposes of the application of any agreement for the avoidance of double taxation entered into between South Africa and that other country of residence (the "Treaty"). In general, a "shareholder" means the registered shareholder in respect of a share or, where some person other than the registered shareholder is entitled to all or part of the benefit of the rights of participation in the profits, income or capital attaching to that share, that other person to the extent of that entitlement. PPC Shareholders with questions regarding their status as either South African residents or shareholders should consult their tax advisers.

THE SUMMARY OF SOUTH AFRICAN TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL RECIPIENTS OF RIGHTS AND ALL PROSPECTIVE HOLDERS OF RIGHTS OFFER SHARES AS WELL AS THE UNDERWRITERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF RECEIVING, EXERCISING AND DISPOSING OF RIGHTS AND ACQUIRING, OWNING AND DISPOSING OF THE RIGHTS OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Taxation of Rights

Receipt of Rights

The tax consequences of the receipt of Rights by a SA Holder are generally neutral. PPC cannot deduct any amount associated with the granting of the Rights and the expenditure that is actually incurred by the SA Holders in respect of the acquisition of the Rights will be deemed to be nil. The receipt of Rights by a SA Holder is not deemed to be a dividend.

Sale or other disposition of Rights

Upon a sale or other disposition of Rights, a SA Holder will generally recognise a capital gain or loss equal to the difference, if any, between the SA rand value of the amount realised and the SA Holder's expenditure that it incurred in order to acquire the Rights. If a SA Holder is already a shareholder of PPC, the expenditure deemed to be incurred by such SA Holder will be deemed to be nil. It will thus be subject to capital gains on the entire proceeds so received on the realisation of the Rights.

If a SA Holder has purchased the Rights through the market the expenditure deemed to be incurred by the SA Holder will be deemed to be equal to the amount so paid for the acquisition of the Rights, together with legal and other related direct costs that it may have incurred in the process.

To the extent that a SA Holder disposes of the Rights as part of a business in carrying out a profit-making scheme, the proceeds associated with the realisation of the Rights may be on income tax account and thus be taxed accordingly. The question whether the proceeds are on capital or revenue account depends on the specific circumstances of the SA Holder.

Expiration of Rights

If a SA Holder allows the Rights to expire without selling or exercising them or does not receive any proceeds with respect to the sale of Rights, the SA Holder will not recognise any loss upon the expiration of the Rights.

Exercise of Rights

A SA Holder will not recognise taxable income upon the receipt of Rights Offer Shares pursuant to the exercise of Rights. A SA Holder's expenditure or base cost in respect of the Rights Offer Shares will be equal to the amount paid for the Rights (if any) and the subscription price for the Rights Offer Shares together with whatever legal and other related direct costs that may have been incurred in the process.

Taxation in Respect of Rights Offer Shares

Distributions

Currently, any amount transferred or applied by a South African resident company for the benefit of or on behalf of any person in respect of any share in that company constitutes a dividend for tax purposes, but does not include any amount so transferred or applied by the company to the extent that the amount so transferred or applied, *inter alia*: (i) results in a reduction of Contributed Tax Capital ("CTC") (see "– Distributions of CTC"); (ii) constitutes a capitalisation award; or (iii) constitutes a general open market purchase by a listed company of its own shares on the exchange operated by the JSE.

CTC essentially comprises a company's stated capital and share premium immediately before 1 January 2011 (excluding any portion thereof representing capitalised reserves), plus the consideration received by the company for the issue of shares on or after 1 January 2011 reduced by the amount transferred on or after 1 January 2011 to Shareholders as a return of CTC which the directors of the company have determined to be an amount so transferred.

In general, dividends paid by PPC to SA Holders and Non-SA Holders will be exempt from South African income tax in their hands.

Dividends tax

Under current law, PPC Shareholders will be subject to a tax known as dividends tax ("Dividends Tax").

Dividends Tax is imposed on the beneficial owner of a dividend in respect of any dividend paid by a company to the extent it does not constitute an asset *in specie*, and is levied at a rate of 15%. In relation to a distribution of assets *in specie* by way of dividend, the company will declare and pay the Dividends Tax which is similarly levied at a rate of 15%. The Dividends Tax rate of 15% may be reduced for non-residents under the provisions of certain Treaties. In addition, the Dividends Tax legislation includes a number of exemptions, including exemptions for dividends paid to South African companies which are resident and dividends paid to certain exempt entities such as pension funds, provided all administrative requirements are met.

Dividends paid to natural persons who are PPC Shareholders will, however, be subject to the Dividends Tax at the rate of 15%.

Distributions of CTC

A distribution by a company of stated capital, stated capital or share premium (or CTC in terms of the Dividends Tax regime) does not/will not constitute a dividend for Dividends Tax purposes. It will, instead, constitute a return of capital. The treatment of distributions of CTC has undergone various amendments for South African tax purposes and its tax consequences depend on the dates upon which the transaction(s) take place and on whether the shares in respect of which the distributions are received or accrued were acquired before or after 1 October 2001 (the date on which CGT was introduced in South Africa). In its current form, the legislation provides that a return of capital taking place on or after 1 April 2012 in respect of shares acquired on or after 1 October 2001, and before the disposal of shares, will firstly serve to reduce the base cost of the shares in respect of which the distribution is made, and only when the base cost of the shares has been exhausted will any excess amount distributed as a return of capital result in a capital gain for the SA Holder. The company which makes the distribution is required to determine the extent to which a distribution reduces its CTC. The South African Revenue Service envisages this determination to be evidenced by a directors' resolution. The Company which makes the distribution must first adopt a board resolution that the distribution is funded out of CTC and the company is thereafter obliged to notify the person to whom the distribution is made, in writing and by the time the distribution is made, of the extent to which the distribution constitutes a return of capital (i.e. reduces its CTC).

The CTC provisions are, however, complex and the exact dates of application need to be properly considered.

Taxation of capital gains and losses

South African resident shareholders – individuals

A disposal or deemed part disposal of Rights or Rights Offer Shares where such Rights Offer Shares are held on capital account by an individual shareholder who is resident in South Africa for tax purposes may give rise to a gain (or loss) for the purposes of capital gains tax ("CGT"). In certain circumstances, gains realised on shares disposed of after being held continuously for at least three years are deemed to be subject to CGT.

The capital gain (or loss) on disposal of the Rights Offer Shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost in the Rights Offer Shares will generally be the consideration paid for those Rights Offer Shares (this will include the cost, if any, incurred in acquiring the Rights). The base cost will also include any amount paid in respect of the acquisition of the Rights and/or legal costs incurred. The base cost of the Rights Offer Shares may also be increased by one-third of any interest incurred to finance the cost of acquiring the Rights Offer Shares, and other direct costs incurred in, *inter alia*, acquiring the Rights Offer Shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income.

A capital gain or capital loss on a disposal of the Rights Offer Shares, together with other capital gains or capital losses for the year, less the annual exclusion (R30,000 for the year of assessment ending 28 February 2017) and less the allowable assessed capital loss brought forward from the period year of assessment, is included in the individual shareholder's normal income tax calculation at an inclusion rate of 40%. This results in a maximum effective tax rate on capital gains of 16.4%. On the death of a taxpayer, there is a deemed disposal of the Rights Offer Shares at market value, unless the Rights Offer Shares are bequeathed to or in favour of a surviving spouse. Deemed disposals to a surviving spouse who is a South African resident are treated, in practical effect, as taking place at no gain or loss. The annual exclusion where death occurs during the year of assessment ending 28 February 2017 is R300,000. Where a taxpayer emigrates (i.e. gives up South African tax residence), there will also be a deemed disposal of the Rights Offer Shares at market value and this may trigger CGT.

South African resident shareholders – corporates

A disposal or deemed part disposal of the Rights Offer Shares where such Rights Offer Shares are held on capital account by a South African resident corporate shareholder may give rise to a capital gain (or loss) for the purposes of CGT. In certain circumstances, gains realised on shares disposed of after being held continuously for at least three years are deemed to be subject to CGT.

The capital gain (or loss) on disposal of the Rights Offer Shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost in the Rights Offer Shares will generally be the consideration paid for the Rights Offer Shares (which will include the cost, if any, incurred in acquiring the Rights). The base cost will also include any amount paid in respect of the acquisition of the Rights and/or legal costs incurred. The base cost of the Rights Offer Shares may also be increased by one-third of any interest incurred to finance the cost of acquiring the Rights Offer Shares, and other direct costs incurred in, *inter alia*, acquiring the Rights Offer Shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income.

A capital gain or a capital loss on disposal of the Rights Offer Shares, together with other capital gains or capital losses for the year less the allowable assessed capital loss brought forward from the prior year of assessment is included in a company's normal income tax calculation at an inclusion rate of 80%. This results in a maximum effective tax rate on capital gains of 22.4%.

Non-South African resident shareholders – individuals and corporates

A disposal of the Rights Offer Shares by a non-South African resident may give rise to a gain (or loss) for the purposes of taxation of CGT to the extent that the gains are realised pursuant to the disposal of any interest in or right to immovable property situated in South Africa or the disposal of assets which are attributable to South African permanent establishment. An interest in immovable property situated in South Africa includes the Rights Offer Shares if:

- 80% or more of the market value of the Rights Offer Shares, at the time of disposal, is attributable directly or indirectly to immovable property held otherwise than as trading stock; and
- the shareholder (alone or together with any connected person in relation to that shareholder), directly or indirectly, holds at least 20% of the shares in the company.

Currently, less than 80% of the market value of the Rights Offer Shares is attributable to immovable property and no shareholder holds 20% of the shares in the Company. Consequently, disposal of the Rights Offer Shares by a non-South African resident will not fall within the ambit of the South African CGT tax legislation in this context.

However, where the Rights Offer Shares are attributable to a permanent establishment of the non-South African resident shareholder in South Africa, a disposal or deemed part disposal of the Rights Offer Shares by such shareholder may give rise to a capital gain (or loss) for the purposes of CGT. Non-resident natural persons pay CGT at a maximum effective rate of 16.4% and non-resident companies pay CGT at an effective rate of 22.4%. This is subject to the terms of a Treaty.

Estate duty

Where a person who is ordinarily resident in South Africa holds the Rights Offer Shares at the date of his or her death, the market value of such Rights Offer Shares will be included in his/her estate. Estate duty is levied at a flat rate of 20% on the dutiable amount of the deceased estate to the extent that the value of the deceased estate exceeds R3.5 million per estate. In determining the dutiable amount of an estate, deductions are, *inter alia*, allowed for the value of bequests and property left to a surviving spouse, and estate liabilities, including CGT paid on the deemed disposal of the Rights Offer Shares on date of death.

Securities transfer tax

Securities transfer tax ("STT") of 0.25% of the applicable taxable amount is payable in respect of every "transfer" of securities issued by a company incorporated in South Africa. "Transfer" as a general rule includes any cancellation or redemption of a security, but does not include the issue of a security or any event that does not result in a change in beneficial ownership of a security. Consequently, the issue of the Rights Offer Shares by PPC will not be subject to STT. Similarly, the issue of the Rights as well as the dealing in them will not be subject to STT. A purchase of the Rights Offer Shares from or through the agency of a JSE-registered Broker is subject to STT of 0.25% of the purchase consideration. The STT is payable by the Broker which may recover it from the transferee. Where the Rights Offer Shares are not purchased from or through the agency of a Broker, but the change in beneficial ownership is effected by a participant, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of the Rights Offer Shares on the date of the transaction is payable by the participant, which may recover it from the transferee.

In any other case of a change in beneficial ownership of the Rights Offer Shares, as a general rule, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of the Rights Offer Shares is payable by the transferee through the Broker or participant, which holds the Rights Offer Shares in custody or through the company.

Value-Added Tax ("VAT")

The issue of the Rights and/or the acquisition of the Rights Offer Shares constitute an exempt supply for purposes of the Value-Added Tax Act, No. 89 of 1991, as amended. Consequently no VAT is payable on the issue of the Rights and/or the acquisition of the Rights Offer Shares. Similarly, no VAT is payable on the disposal of the Rights or the Rights Offer Shares.

14.2 United States

The following is a summary based on present law of certain US federal income tax considerations relevant to the receipt, exercise and disposition of Rights pursuant to the Rights Offer as well as the acquiring, owning and disposing of Rights Offer Shares. It addresses only PPC Shareholders that are US Holders (as defined below) and that receive Rights in the Rights Offer, hold PPC Ordinary Shares and will hold Rights and Rights Offer Shares as capital assets and use the US dollar as their functional currency. The discussion is a general summary only; it is not a substitute for tax advice. The discussion does not consider the circumstances of particular holders subject to special rules, such as banks or other financial institutions, dealers in currencies and securities, traders in securities that elect to mark-to-market, insurance companies, tax-exempt entities, regulated investment companies, US expatriates, investors liable for the alternative minimum tax, holders of 10% or more of the Company's shares, persons holding PPC Ordinary Shares, Rights or Rights Offer Shares as part of a hedge, straddle, conversion or other integrated financial transaction and persons holding PPC Ordinary Shares, Rights or Rights Offer Shares in connection with a permanent establishment or fixed base outside of the United States. This discussion does not consider US federal estate and gift tax, US state and local tax or non-US tax considerations.

As used herein, the term "US Holder" means a beneficial owner of Rights or Rights Offer Shares that, for US federal income tax purposes, is: (i) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States, any state thereof, or the District of Columbia, (iii) a trust subject to the control of a US person and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income tax without regard to its source.

The US federal income tax consequences to a partner in a partnership or other entity or arrangement treated as a partnership for US federal income tax purposes that receives, disposes of or exercises Rights or acquires, holds and disposes of Rights Offer Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships for US federal income tax purposes should consult their own tax advisers concerning the US federal income tax consequences to them and to their partners of the partnership's receipt of Rights pursuant to the Rights Offer, and exercise or disposition of Rights and acquisition, ownership and disposition of Rights Offer Shares.

Except as otherwise noted, this summary assumes that the Company is not a passive foreign investment company (a "PFIC") for US federal income tax purposes, which the Company believes to be the case for the current taxable year, as well as for the foreseeable future. The Company's possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for US Holders.

Each US Holder should read the disclosure regarding taxation in South Africa and consider its possible entitlement to the benefits of the income tax treaty between the United States and South Africa (the "Treaty").

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL RECIPIENTS OF RIGHTS AND ALL PROSPECTIVE PURCHASERS OF RIGHTS OFFER SHARES SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF RECEIVING, EXERCISING AND DISPOSING OF RIGHTS AND ACQUIRING, OWNING AND DISPOSING OF RIGHTS OFFER SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY AND THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Taxation of Rights

Receipt of Rights

US Holders of PPC Ordinary Shares on the record date will not recognize taxable income in connection with the receipt of the Rights pursuant to the Rights offering, provided that the distribution does not have the result of causing some holders of PPC Ordinary Shares to receive an increase in their proportionate interest in our assets or our earnings and profits and other holders of PPC Ordinary Shares to receive cash or property. The distribution of the Rights in the Rights Offer should not have the effect of causing some holders of PPC Ordinary Shares or Rights to receive an increase in their proportionate interest in our assets or our earnings and profits and other holders of our stock or Rights to receive cash or property. Therefore, no income should be recognized by any record date holders of PPC Ordinary Shares in connection with the issuance of Rights pursuant to the Rights Offer and the following discussion assumes the distribution of Rights is not taxable. Were the distribution of Rights to be treated as taxable, US Holders would be treated as receiving a distribution equal to the fair market value of the Rights and the tax consequences of the receipt of such Rights would generally be as described below under "– Taxation of Rights Offer Shares – Distributions."

Tax Basis in Rights

If the fair market value of the Rights when received by a US Holder is less than 15% of the fair market value of the US Holder's PPC Ordinary Shares, the Rights will have no tax basis unless the US Holder affirmatively elects to allocate its adjusted tax basis in its PPC Ordinary Shares to the Rights in proportion to the relative fair market values of the PPC Ordinary Shares and the Rights on the date such Rights are received. A US Holder must make this election in a statement attached to its tax return for the taxable year in which it receives the Rights.

If the fair market value of the Rights when received by a US Holder is at least 15% of the fair market value of the US Holder's PPC Ordinary Shares, a US Holder must allocate its adjusted tax basis in its PPC Ordinary Shares between the Rights Offers Shares and the Rights in proportion to their relative fair market values on the date the Rights are received.

If the PPC Ordinary Shares with respect to which such Rights were distributed are sold prior to the exercise or the expiration of such Rights, US Holders should consult their own tax advisors regarding any such tax basis allocation as well as any corresponding tax consequences.

Exercise

A US Holder will not recognize taxable income when it receives Rights Offers Shares by exercising Rights. A US Holder's tax basis in Rights Offers Shares received upon exercising Rights will be equal to the sum of the US dollar value of the Rights Offer Share Price and the US Holder's tax basis, if any, in the Rights exercised. A US Holder's holding period for Rights Offers Shares acquired through exercise of Rights received in the Rights offering will begin with and include the date of exercise.

Expiration

If a US Holder allows Rights received in the Rights offering to expire, a US Holder generally will not recognize any gain or loss for US federal income tax purposes upon expiration of the Rights. If a US Holder has tax basis in the Rights and such holder allows the Rights to expire, the tax basis of PPC Ordinary Shares owned by the US Holder with respect to which such Rights were distributed should be re-allocated to the tax basis of such PPC Ordinary Shares.

Taxation of Rights Offer Shares

Distributions

Subject to the discussion of the passive foreign investment company ("PFIC") rules below, the gross amount of any distribution with respect to the Rights Offer Shares, including any South African tax withheld therefrom, will be included in a US Holder's gross income as ordinary dividend income from foreign sources when actually or constructively received. The dividends will not be eligible for the dividends received deduction generally available to US corporations. If the Company qualifies for the benefits of the Treaty, which the Company believes it does, and the Company is not a PFIC in the year of distribution or the preceding year, dividends received by individuals and certain other non-corporate US Holders that satisfy specified holding period requirements generally should be eligible for the preferential rate applicable to qualified dividend income.

Dividends paid in a currency other than US dollars will be includable in income in the US dollar amount calculated by reference to the exchange rate in effect on the date of actual or constructive receipt, whether or not the non-US currency is converted into US dollars at that time. A US Holder's tax basis in the non-US currency received will equal the US dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of the non-US currency for a different US dollar amount will be foreign currency exchange gain or loss and generally will be treated as US source ordinary income or loss. If a dividend paid in non-US currency is converted into US dollars on the day the dividend is received, the US Holder will generally not be required to recognise foreign currency exchange gain or loss in respect of the dividend.

A US Holder eligible for benefits under the Treaty generally may claim a reduced 15% rate of South African withholding tax. Each US Holder should consult its own tax advisor about its eligibility for benefits under the Treaty and procedures for obtaining a reduction of South African withholding tax. Subject to generally applicable limitations, a US Holder may claim a deduction or a foreign tax credit only for South African tax withheld at the appropriate rate. In computing foreign tax credit limitations, non-corporate US Holders may take into account only the portion of any qualified dividend income that is effectively taxed at the highest applicable marginal rate. For purposes of limitations on foreign tax credits, dividends received with respect to Rights Offer Shares should generally constitute "passive category income." The rules governing foreign tax credits are complex and each US Holder should consult its own tax advisors regarding the tax consequences to it if South African tax is withheld from dividends on the Rights Offer Shares, including the availability of the foreign tax credit under such US Holder's particular circumstances.

Disposition

Subject to the discussion of the PFIC rules below, a US Holder generally will recognise capital gain or loss on the sale or other disposition of Rights Offer Shares equal to the difference, if any, between the amount realised and the US Holder's adjusted tax basis in the Rights Offer Shares disposed, each determined in US dollars. A US Holder's tax basis in Rights Offers Shares received upon exercising Rights will be equal to the sum of the US dollar value of the Rights Offer Share Price on the date of exercise and the US Holder's tax basis, if any, in the Rights exercised. If the Rights Offer Shares are treated as traded on an "established securities market," a cash basis US Holder (or, if it elects, an accrual basis US Holder) will determine the US dollar value of the cost of such Rights Offer Shares by translating the non-US currency amount paid at the spot rate of exchange on the settlement date. Any gain or loss generally will be treated as arising from US sources and will be long-term capital gain or loss if the US Holder's holding period in the Rights Offer Shares exceeds one year. The deductibility of capital losses is subject to significant limitations.

A US Holder that receives a currency other than US dollars on the sale or other disposition of Rights Offer Shares will generally realise an amount equal to the US dollar value of the non-US currency received determined by reference to the exchange rate on the date of sale or other disposition (or, if the Rights Offer Shares are traded on an "established securities market," in the case of a cash basis or electing accrual basis taxpayer, the settlement date). A US Holder will recognise currency gain or loss if the US dollar value of the currency received at the spot rate on the settlement date differs from the amount realised. A US Holder will have a tax basis in the currency received equal to the US dollar value of the currency on the settlement date. Any foreign currency gain or loss realised on a subsequent conversion or other disposition of the non-US currency for a different US dollar amount will be exchange gain or loss and generally will be treated as US-source ordinary income or loss.

Passive Foreign Investment Company Rules

The Company believes that it was not classified as a passive foreign investment company, or PFIC, for its most recent taxable year and that, based on the Company's current gross assets and income (including the income and assets of the Group) and the manner in which the Company expects the Group to operate its business in future years, it should not be classified as a PFIC for the Company's current taxable year or in the foreseeable future. In general, a non-US corporation is a PFIC for any taxable year in which, taking into account a pro rata portion of the income and assets of 25% or more owned subsidiaries, either (1) at least 75% of its gross income consists of passive income or (2) at least 50% of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. For this purpose, cash is considered a passive asset and passive income generally includes, among other things, dividends, rents, royalties and gains from the disposition of investment assets (subject to various exceptions) and other property that produces passive income. Whether the Company is classified as a PFIC for any taxable year is a factual determination made annually, and the Company's status could change depending upon, among other things, changes in the composition and relative value of its gross receipts and assets, which may be dependent on the market value of the Rights Offer Shares, and the manner in which the Company otherwise conducts its business. Accordingly, no assurance can be given that the Company will not be a PFIC in the current or any future taxable year.

If the Company were a PFIC for any taxable year during which a US Holder owned Rights Offer Shares, gain recognised by a US Holder on a sale or other taxable disposition of Rights Offer Shares (including certain pledges) generally would be allocated ratably over the US Holder's holding period for the Rights Offer Shares disposed. The amounts allocated to the taxable year of the sale or other taxable disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest marginal rate in effect for individuals or corporations for that year, as appropriate, and an interest charge would be imposed. Further, to the extent that any distribution received by a US Holder on its Rights Offer Shares exceeds 125% of the average of the annual distributions on the Rights Offer Shares received during the preceding three years or the US Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, as described immediately above.

If the Company were a PFIC, a US Holder might be able to avoid some of the adverse impacts of the PFIC rules described above by electing to mark its Rights Offer Shares to market annually. The election is available only if the Rights Offer Shares are considered "marketable stock," which generally includes stock that is regularly traded in more than *de minimis* quantities on a qualifying exchange. If a US Holder makes the mark-to-market election, any gain from marking its Rights Offer Shares to market or from disposing of them would be ordinary income. Any loss from marking its Rights Offer Shares to market would be recognised only to the extent of unreversed gains previously included in income. Loss from marking its Rights Offer Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. No assurance can be given that the Rights Offer Shares will be traded in sufficient frequency and quantity to be considered "marketable stock" or whether the Johannesburg Stock Exchange is or will continue to be considered a qualifying exchange for purposes of the PFIC mark-to-market election. A valid mark-to-market election cannot be revoked without the consent of the IRS unless the Rights Offer Shares cease to be marketable stock.

Each US Holder is encouraged to consult its own tax advisor as to the Company's possible status as a PFIC and, if the Company were a PFIC, the consequences to them and whether a mark-to-market election is available or desirable in their particular circumstances.

Medicare Tax on Net Investment Income

Certain non-corporate US Holders whose income exceeds certain thresholds generally will be subject to a 3.8% surtax on their "net investment income" (which generally includes, among other things, dividends on, and capital gain from the sale or other taxable disposition of Rights Offer Shares and from the sale or other taxable disposition of Rights). Non-corporate US Holders should consult their own tax advisers regarding the possible effect of such tax on their ownership and disposition of Rights Offer Shares and Rights.

Backup Withholding and Information Reporting

Dividends on Rights Offers Shares and payments of proceeds from the sale Rights, or Rights Offers Shares acquired upon exercise of the Rights, may be reported to the US Internal Revenue Service ("IRS") unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting unless a US Holder provides its taxpayer identification number or otherwise establishes a basis for exemption. A US Holder can claim a credit against its US federal income tax liability for amounts withheld, and a refund of amounts in excess of its tax liability by providing the appropriate information to the IRS. Prospective investors should consult their tax advisors about qualifying for an exemption from backup withholding.

US Holders are required to report information with respect to their investment in Rights and Rights Offer Shares not held through an account with a financial institution to the IRS. Investors who fail to report required information are subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors regarding the implications of these reporting requirements on their receipt of Rights and ownership of Rights Offer Shares.

15. UNDERWRITING ARRANGEMENTS

PPC has entered into an underwriting agreement with the Underwriters, dated 22 August 2016 (the "Underwriting Agreement"), with respect to the Rights Offer Shares. Pursuant to the terms of the Underwriting Agreement, the Underwriters have agreed, subject to certain conditions, acting severally and not jointly (or jointly and severally), to use their respective reasonable endeavours to procure subscribers or sub-underwriters for the Rump Shares, failing which the Underwriters, acting severally but not jointly (or jointly and severally), have agreed to subscribe for such Rump Shares at the Rights Offer Share Price. With respect to this subscription, the Underwriters will subscribe and pay for the percentage of any Rump Shares in respect of which purchasers have not been procured as follows:

- Standard Bank: 43.3% of the Rump Shares.
- Absa Bank: 24.2% of the Rump Shares;
- Nedbank: 23.1% of the Rump Shares; and
- RMB: 9.4% of the Rump Shares.

In the event that the Underwriters are required to purchase any Rump Shares, such purchase and any resale, or the procurement of any sub-underwriter or persons to take up any Rump Shares, by the Underwriters will be for their own account and not on behalf of PPC or on behalf of any Qualifying Shareholder who does not exercise its subscription rights. Any transaction carried out by the Underwriters pursuant to the Underwriting Agreement in relation to the issue of Letters of Allocation or Rights Offer Shares will constitute a transaction carried out in the capacity of agent at the request of the Company and not in respect of the Underwriters' own accounts.

The obligations of the Underwriters pursuant to the Underwriting Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include, among others, the accuracy of the representations and warranties in the Underwriting Agreement, the receipt of opinions on certain legal matters from counsel, the absence of any *force majeure* and other conditions customary in international capital markets transactions.

PPC has agreed to indemnify the Underwriters and their affiliates against certain losses and liabilities arising out of or in connection with the Rights Offer, including liabilities under the US Securities Act and the US Exchange Act. In addition, PPC has agreed to reimburse the Underwriters for their costs and expenses incurred in connection with the Rights Offer and the purchase and sale of any Rights Offer Shares.

PPC has agreed that it will not, for a period of 365 days following the execution of the Underwriting Agreement, without the prior written consent of the Underwriters, issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal of): (i) any shares of the Company or securities convertible, or exchangeable into, or exercisable for, shares of the Company or (ii) warrants or other rights to purchase shares of the Company or (iii) any security or financial product whose value is determined directly or indirectly by reference to the price of the underlying securities, including equity swaps, forward sales and options. This restriction does not apply to: (i) the issuance of Rights Offer Shares to be issued in the context of the Rights Offer; (ii) issuances of shares pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options which are outstanding on the date of completion of the Rights Offer; (iii) issuances from time to time pursuant to the restructuring of the Company's existing BEE transactions or the implementation of any new BEE transactions in compliance with the Company's obligations under the Broad Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, the Mineral and Petroleum Resources Development Act, 2002 and/or any other applicable law and regulation; (iv) issuances from time to time pursuant to existing share option plans or other employee or management incentive plans of PPC; (v) the issue of shares for an aggregate subscription price not exceeding R140 million as a vendor consideration placing in relation to the acquisition of 3Q in compliance with the Listings Requirements; or (vi) share issuances in total not exceeding R140 million as acquisition consideration and not in a capital raising transaction, provided that any subscribers to such share issuance agree to a 180-day lock-up period.

In addition, any offer and sale of the Rump Shares within the United States will be made by affiliates of the Underwriters that are broker-dealers registered under the US Exchange Act. Until the expiration of 40 days after the commencement of the Rights Offer, an offer or sale of Rump Shares within the United States by a dealer, whether or not participating in the underwritten offering, may violate the registration requirements of the US Securities Act if such offer or sale is made other than pursuant to an available exemption from such registration requirement.

The Underwriting Agreement provides that, until the final closing of the Rights Offer, the Underwriters may terminate their several commitments under the Underwriting Agreement up until the date of settlement of the Rights Offer and demand payment of costs and expenses incurred to date in connection with the Rights Offer upon the occurrence of any of the following customary termination events:

(i) failure to deliver certain customary documents;

(ii) breach of any representation or warranty under the Underwriting Agreement;

(ii) a material adverse change in relation to the Group; or

(iv) a *force majeure* event or a change in the market which is material in the context of the Rights Offer and which would make it, in the good faith opinion of the Underwriters, impracticable or inadvisable to proceed with the Rights Offer.

As is customary with offerings of this type, an underwriting fee equal to 3% of R4 billion (the gross proceeds of the Rights Offer) is payable by PPC to the Underwriters. Such fee will be reduced by 1% of the aggregate subscription price of Irrevocable Rights Offer Shares which certain PPC Shareholders have irrevocably agreed to subscribe for, expected to be a fee reduction of approximately R9.2 million.

The Underwriters and their affiliates have from time to time engaged in, and may in the future engage in, various commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with PPC. The Underwriters have received and will receive customary fees and commissions for these transactions and services. Pursuant to a separate mandate letter and subject to the Underwriting Agreement not being terminated, PPC will pay the Underwriters an additional corporate financing fee equal to 0.5% of R4 billion.

The Directors of the Company have made due and careful enquiry to confirm that the Underwriters can meet their obligations and commitments in terms of the Rights Offer, subject to and in accordance with the terms of the Underwriting Agreement.

PART 16

16. ADDITIONAL INFORMATION

16.1 Information on the Directors and Senior Management of PPC

16.1.1 Board *of Directors*

The full names, positions, dates of appointment, ages as at the Last Practicable Date, nationalities, qualifications, experience and other directorships of the Directors are set out below.

The business address of each Director is 148 Katherine Street, Sandton, South Africa, PO Box 787416, Sandton 2146, South Africa.

Peter Gill Nelson	
Position	Independent non-executive director and interim chairman of the board
Appointed	January 2015
Age	62
Nationality	South African
Qualifications	BCom, BCompt, CA
Experience	Peter's experience covers manufacturing, mining, telecommunications, healthcare, leisure, property, packaging and the motor industry in listed and private entities in South Africa, the United Kingdom, Zimbabwe and Nigeria. He has served as CFO on several boards including Telkom SA Limited, Netcare Property Holdings Proprietary Limited, PPC and Mondi Limited and has extensive operational and corporate finance experience.
Current Directorships	PPC
Directorships in the past five years	Clinix Health Group Ltd and Subsidiaries (x17).

Tito Mboweni	
Position	Independent non-executive director
Appointed	January 2015
Age	57
Nationality	South African
Qualifications	BA, MA, development economics, Diploma in international business diplomacy, CD (SA)
Experience	Tito is chairman of Nampak Limited, Sacoil Holdings and Accelerate Property Fund. He also holds other directorships. In an academic, political and business career spanning three decades, he has gained considerable expertise and experience in the fields of economic and political analysis, macro-level economy strategy, finance, labour relations and public policy.
Current Directorships	(1) PPC; (2) Nampak Limited; (3) Chairman of Sacoil Holdings; (4) Chairman of Accelerate Property Fund Limited; (5) Malwana Consolidated Investments Proprietary Limited (6) Xingange Industrial Holdings Proprietary Limited; (7) Malwana Properties Proprietary Limited; (8) Malwana Efficient Fund Proprietary Limited; (9) Mboweni Brothers Capital Proprietary Limited; (10) Discovery Life Limited; (11) Discovery Health Proprietary Limited; (12) Discovery Vitality Proprietary Limited; (13) Discovery Limited; and (14) Expectra 275 (NPC).
Directorships in the past five years	Anglogold Ashanti

Darryll John Castle	
Position	Chief executive officer
Appointed	January 2015
Age	48
Nationality	South African
Qualifications	BSc (civil), BCom, MBA and CFA
Experience	Darryll has a broad range of skills in corporate management, fund management, financial analysis, mining and engineering. He has extensive experience in the mining industry and served as CEO of Trafigura Mining Group and Anvil Mining Limited (listed on the Toronto and Australian stock exchanges), as well as chief operations officer at Metorex Group Limited. He has first-hand knowledge of various countries in Africa and emerging markets as well as deep relationships built over the years.
Current Directorships	(1) PPC; (2) Miatex Proprietary Limited; (3) Budgetainer Proprietary Limited; (4) Cyndara 32 Proprietary Limited; (5) Cornwall Hill College (NPO); (6) Zondivert Proprietary Limited; (7) Alviflex Proprietary Limited; and (8) Crazy Slots Proprietary Limited.
Directorships in the past five years	(1) Trafigura Mining Group Limited; (2) Anvil Mining Limited; (3) Metorex Group Limited; (4) The Surgical Warehouse Proprietary Limited; (5) Aemr South Africa Proprietary Limited; and (6) Andulela Investment Holdings Limited.

Mmakeaya Magoro Tryphosa Ramano	
Position	Chief financial officer
Appointed	August 2011
Age	45
Nationality	South African
Qualifications	CA (SA)
Experience	Tryphosa was CEO of WIP International (a subsidiary of WIPHOLD focused on African expansion). She also served as CFO of SAA, and prior to that, she was requested to join National Treasury, where she set up a business unit with financial oversight of state-owned entities. As chief director of this unit, she was instrumental in listing Telkom on the Johannesburg and New York Stock Exchanges. Her diverse professional development includes financial and strategic planning, corporate governance reform, industry analysis and corporate restructuring. She currently serves on the boards of Airports Company of SA and Land Bank of SA as a non-executive director.
Current Directorships	(1) PPC; (2) Safika Cement Holdings Proprietary Limited; (3) Awim-Africa (NPC); (4) PPC Barnet DRC Holdings; (5) Khuqukani Investment Holding Proprietary Limited; (6) Association of Black Securities and Investment Professionals; and (7) Pronto Holdings Proprietary Limited.
Directorship in the past five years	(1) Airports Company of SA SOC Limited; (2) Mining Women Investments Proprietary Limited; (3) Wipcoal Investments Proprietary Limited; (4) African Women Chartered Accountants Forum (NPC); (5) Financial Sector Charter Council (NPC); (6) Sasol Mynbou Proprietary Limited; (7) Adcorp Holdings Limited; (8) Emfuleni Resorts Proprietary Limited; (9) Emfuleni Casino Resorts Manco Proprietary Limited; (10) Land and Agricultural Development Bank of SA; and (11) Isgubhu Investments Proprietary Limited.

Timothy Dacre Aird Ross

Position	Independent non-executive director
Appointed	July 2008
Age	72
Nationality	South African
Qualifications	CA (SA)
Experience	Tim was a partner with Deloitte & Touche for 36 years, retiring in 2008. He led the Johannesburg audit practice and served on the executive as client service director as well as the board and remuneration committees. Tim was the lead/advisory partner for a number of multinational clients and headed the Deloitte & Touche World Cup 2010 initiative. He is a director and chairs the audit committees of Eqstra Holdings, Adcorp and Mpact. He is also a member of the risk committee of Eqstra and a member of the remuneration and nomination committee of Mpact.
Current Directorships	(1) PPC; (2) Eqstra Holdings Limited; (3) Adcorp Holdings Limited; and (4) Mpact Limited.
Directorships in the past five years	(1) Liberty Holdings Limited; (2) Liberty Group Limited; and (3) CIDA Empowerment Proprietary Limited.

Sydney Knox Mhlarhi

Position	Non-executive director
Appointed	March 2012
Age	43
Nationality	South African
Qualifications	BCom, BAcc and CA (SA)
Experience	Sydney serves on the Board as a representative of the PPC consortium of strategic black partners. He is a founder and director of Tamela Holdings Proprietary Limited, an investment holding and corporate finance advisory company. His senior positions in the investment banking sector include divisional director of Standard Bank and chief investment officer of Makalani Holdings. He completed his articles at Ernst & Young in 1997 and is a member of the South African Institute of Chartered Accountants' Education and Examinations Committee. He is a non-executive director of Assore Limited.

Current Directorships	(1) PPC; (2) Assore Limited; (3) PPC Strategic Business Partners SPV (RF) Proprietary Limited; (4) Off Road Rims Proprietary Limited; (5) Tamela Capital Proprietary Limited; (6) Tamela Holdings Proprietary Limited; (7) George Stott and Company Proprietary Limited; (8) M M and G Mining and Engineering Services Proprietary Limited; (9) FLSmidth Roymec Proprietary Limited; (10) Portland Consortium Investment Proprietary Limited; (11) PPC SBP Consortium Funding SPV Proprietary Limited; (12) Tamela Roymec SPV Proprietary Limited; (13) Tamela Fund Managers Proprietary Limited; (14) Dilokong Broad Based Mining Investment Proprietary Limited; (15) XTLS Investments 185 Proprietary Limited; (16) XTLS Investments 182 Proprietary Limited; (17) XTLS Investments 183 Proprietary Limited; (18) Mahlako Advisory Services Proprietary Limited; (19) Newshelf 1151 (RF) Proprietary Limited; (20) Cincinnati Mine Machinery Proprietary Limited; (21) Mogwele Trading 209 Proprietary Limited; (22) Tamela Group Proprietary Limited; (23) Tamela Investments Proprietary Limited; (24) Tamela Spv Admin Proprietary Limited; and (25) Siza Teleradiology Services Proprietary Limited.
Directorships in the past five years	(1) Makalani Holdings; (2) Makalani Management Company Proprietary Limited; (3) Micawber 410 Proprietary Limited; (4) Purple Group Trading Proprietary Limited; and (5) Matsimbi Funeral Enterprises (CC).

Bridgette Modise

Position	Independent non-executive director
Appointed	December 2010
Age	49
Nationality	South African
Qualifications	BCompt, CTA, CA (SA), CIMA and management development programmes.
Experience	Bridgette was director at KPMG for ten years, focusing on internal and external audit, risk management and consulting. Prior to that, she was a partner at KMMT, an audit and consulting firm. She is currently the CEO of Sugarberry Trading and chairperson of Kutira Capital, an investment holding company. She is a non-executive director of Nestlife Assurance Limited, Tellabs South Africa Proprietary Limited and Finesse Global Ventures.
Current Directorships	(1) PPC; (2) Sugarberry Trading 336 (CC); (3) Kutira Mining (CC); (4) Mwangaza Investments Proprietary Limited; (5) Nestlife Assurance Limited; (6) Tellabs South Africa Proprietary Limited; (7) Kutira Investments Proprietary Limited; (8) Finesse Global Ventures Proprietary Limited; (9) Kutira Capital Proprietary Limited; (10) AIH Investment Consortium Proprietary Limited; (11) Tuffsan Investments 1071 Proprietary Limited; and (12) Black Stone Properties 19 (CC).
Directorships in the past five years	(1) Kanhym Estates Proprietary Limited; (2) Non-executive Director of Sun International; and (3) Qlink Holdings Proprietary Limited.

Todd Moyo	
Position	Independent non-executive director
Appointed	November 2013
Age	58
Nationality	Zimbabwean
Qualifications	Appointed November 2013 BAcc, CA(Z), CA(SA), RPA(Z) and MCSZ
Experience	Todd is chairman of PPC Zimbabwe Ltd. He is a member of both the Institute of Chartered Accountants in Zimbabwe and the South African Institute of Chartered Accountants and has attended a number of executive development programmes. His experience spans several economic sectors and disciplines including production, sales and marketing and information technology. Todd is chairman and CEO of healthcare company Datlabs (Pvt) Ltd and chairman of National Foods Holdings Ltd, both based in Zimbabwe. He sits on a number of boards of listed and unlisted companies. He participates in a number of charitable trusts and committees in the education, medical and civic arenas and has been involved in the activities of professional associations and industry bodies.
Current Directorships	(1) PPC Zimbabwe Limited; (2) Datlabs Pvt Limited; (3) National Foods Holdings Limited and (4) PPC.
Directorships in the past five years	(1) Zimplow Limited (Bulawayo); (2) Awaited Investments (Pvt) Limited (Bulawayo); (3) Multispares Distributors (Pvt) Ltd (Bulawayo); (4) Bavington Engineering (Pvt) Ltd (Bulawayo); (5) Xetshalethu Trading (Pvt) Ltd (Bulawayo); (6) Multiproperties (Pvt) Ltd (Bulawayo); (6) Dokbro Proprietary Ltd (Botswana); (7) Steifel Investment (Pvt) Ltd (Harare); and (8) Joydrill Investments (Pvt) Ltd (Bulawayo).

Nicky Goldin	
Position	Independent non-executive director
Appointed	January 2015
Age	46
Nationality	South African
Qualifications	BCom and MBA
Experience	Nicky is presently a strategy and investment consultant to the Yellowwoods Group. She has global experience having worked in Africa, Australia and the United States in strategy development and execution; business development; corporate finance and investment banking (debt and capital raising), primarily focusing on the natural resources and financial services industry sectors. She has held senior positions at Deloitte Consulting, BHP Billiton, Anglo American, Standard Bank and ANZ Bank (Australia).
Current Directorships	PPC
Directorships in the past five years	None

Timothy Leaf-Wright

Position	Independent non-executive director
Appointed	January 2015
Age	63
Nationality	South African
Qualifications	Chartered Institute of Secretaries (Natal Technikon)
Experience	Timothy's career with Nampak Limited spanned 41 years prior to early retirement in 2014. In this time his senior positions included group export manager and business development director (rest of Africa). During the last 11 years, he was seconded to Mozambique, Nigeria and Angola to spearhead negotiations and subsequently construction and managing of both brown and greenfields plants in those countries.
Current Directorships	PPC
Directorships in the past five years	None

Charles Naude

Position	Independent non-executive director
Appointed	January 2015
Age	60
Nationality	South African
Qualifications	BSc(Hons) in Geology and Chemistry, MBL
Experience	Charles has been a self-employed derivatives trader for the past five years. Prior to that, he was CEO of AfriSam South Africa and chairman of Tanga Cement Company Limited in Tanzania. Collectively, he has 30 years' experience in all facets of the cement industry, including aggregates, readymix and lime.
Current Directorships	PPC
Directorships in the past five years	Tanga Cement Company Limited

Salukazi Dakile-Hlongwane

Position	Independent non-executive director
Appointed	January 2016
Age	65
Nationality	South African
Qualifications	BA (economics and statistics), MA (development economics)
Experience	Salukazi is non-executive chairperson of Nozala Investments Proprietary Limited, a broad-based women-owned and controlled empowerment company she co-founded in 1996. Her career experience includes senior roles at Lesotho National Development Corporation, African Development Bank where she worked closely with government officials of several African countries, FirstCorp Merchant Bank and BoE Specialised Finance. She is a non-executive director of Nozala investee companies and a director of MultiChoice South Africa Holdings Proprietary Limited and MultiChoice South Africa Proprietary Limited. She is also a trustee of Nozala Trust and Chancellor House Trust

Current Directorships	(1) Nozala Investments Proprietary Limited; (2) MultiChoice South Africa Holdings Proprietary Limited; (3) Nozala Holdings Proprietary Limited; (4) Woodlands Dairy Logistics Proprietary Limited; (5) Woodlands Dairy Proprietary Limited; (6) Erf 1407 Dainfern Properties (CC); (7) Nozala Capital Management Proprietary Limited; (8) Special Olympics South Africa (NPC); (9) Nozaluthando Investment Holdings Proprietary Limited; (10) Dream World Investments 481 Proprietary Limited; (11) Clidet No 902 Proprietary Limited; (12) Newshelf 1065 Proprietary Limited; (13) Kuvula Trade 113 Proprietary Limited; (14) Rainmakers Empire Proprietary Limited; (15) Rejem-Nozala Proprietary Limited; (16) Citybiz Proprietary Limited; (17) Bond Tech Rubber Proprietary Limited; (18) Masakhane Broad Based Investments Proprietary Limited; (19) Kyocera Document Solutions South Africa Holdings Proprietary Limited; (20) Moody Blue Trade and Invest 157 Proprietary Limited; (21) Matayo Trading 14 Proprietary Limited; (22) Nuvo Holdings Proprietary Limited; (23) Tsebo Holdings Proprietary Limited; (24) PPC SBP Consortium Funding SPV Proprietary Limited; (25) Nexus OP Company Proprietary Limited; (26) Gruisfontein Coal Proprietary Limited; (27) DMI Minerals South Africa Proprietary Limited; (28) Quick Leap Investments 483 Proprietary Limited; (29) Morning Tide Investments 168 Proprietary Limited; (30) Main Street 333 Proprietary Limited; (31) Newshelf 782 Proprietary Limited; (32) Nozala MCC Proprietary Limited; (33) Nozala Diamonds Proprietary Limited; (34) Nozala Mining Services Proprietary Limited; (35) Tshwarisano LFB Investment Proprietary Limited; (36) Nozala Coal Proprietary Limited; (37) Nozala Packaging Holdings Proprietary Limited; (38) Newmillen 122 Investments Proprietary Limited; (39) Nozala Resources Proprietary Limited; (40) Exxaro Resources Proprietary Limited; (41) Nuvo Rubber Lining Proprietary Limited; (42) National Movement Of Rural Women (NPO); (43) Kyocera Document Solutions South Africa Proprietary Limited; (44) Tsebo Solutions Group Proprietary Limited; (45) Sasol Oil Proprietary Limtied; (46) Nuvo Rubber Compounders Proprietary Limited; (47) NRC Belting Proprietary Limited; (48) The Don Group Limited; (49) PPC; (50) PPC Strategic Business Partners SPV (RF) Proprietary Limited; (51) Basadi Ba Kopane Resources Proprietary Limited; (52) NRC Chamberlain Proprietary Limited; (53) Nozweni Proprietary Limited; and (54) Nozala MCC Proprietary Limited.
Directorships in the past five years	(1) Umthunzi Telecoms Consortium Proprietary Limited; (2) Woodlands Dairy Proprietary Limited; (3) Nozala Health Partners Proprietary Limited; (4) Afripack Consumer Flexibles Proprietary Limited; (5) Enviroserv Holdings Proprietary Limited; (6) Kutting Mpumulanga Proprietary Limited; (7) Gidani Proprietary Limited; (8) Kelvion Services Proprietary Limited; (9) Eqstra Holdings Limited; (10) Mutual Construction Company (Transvaal) Proprietary Limited; (11) M C C Contracts Proprietary Limited; (12) Kelvion Thermal Solutions Proprietary Limited; (13) Afripack Holdings Proprietary Limited; (14) Afripack Proprietary Limited; (15) MultiChoice South Africa Proprietary Limited; and (16) Synergy Port Operations Proprietary Limited.

All of the Directors have completed Directors' declarations in terms of Schedule 13 of the Listings Requirements.

16.1.2 *Company Secretary*

Jacobus Hendrik De La Rey Snyman	
Position	Company Secretary
Appointed	November 2007
Age	49
Nationality	South African
Qualifications	BA, LLB, LLM, MBA

16.1.3 *Directors of major subsidiary: PPC Cement SA Proprietary Limited*

The full names, positions, dates of appointment, ages as at the Last Practicable Date, nationalities, qualifications, experience and other directorships of the directors of PPC Cement SA Proprietary Limited are set out below.

The business address of each director is 148 Katherine Street, Sandton, South Africa, PO Box 787416, Sandton 2146, South Africa.

Jacobus Hendrik De La Rey Snyman	
Position	Company Secretary
Age	49
Nationality	South African
Qualifications	BA, LLB, LLM, MBA
Experience	Jaco is an Attorney of the High Court of South Africa. He started his career as a practising attorney and, after a short stint as lecturer at a university, was appointed as a group legal adviser by Absa Bank. He was responsible for corporate governance in the Absa group prior to joining PPC in 2007. He currently oversees the legal, compliance, risk and procurement departments at head office. He is also the Company Secretary of the Group.
Current Directorships	(1) PPC International Holdings Proprietary Limited; (2) PPC South Africa Holdings Proprietary Limited; (3) PPC Group Services Proprietary Limited; (4) PPC Ltd (5) PPC Lime Limited; (6) Cape Portland Cement Company Limited; (7) PPC Cement Proprietary Limited; (8) Varsrivier Marmer Proprietary Limited; (9) PPC Aggregate Quarries Proprietary Limited; (10) Slurrylink Leasing Proprietary Limited; (11) Property-Cats Proprietary Limited; (12) PPC Ntsika Fund Proprietary Limited; (13) PPC Cement SA Proprietary Limited; (14) Lime Acres Investments Proprietary Limited; and (15) Diplobase Investments Proprietary Limited.
Directorships in the past five years	(1) PPC Strategic Business Partners SPV (RF) Proprietary Limited; (2) Olegra Oil Proprietary Limited; (3) Metlakgola Construction and Developments Proprietary Limited; and (4) Rhulanani Concrete Mixers Proprietary Limited

16.1.4 *Directors' declarations*

None of the directors mentioned above has:

- ever been convicted of an offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- ever been adjudged bankrupt, insolvent or sequestrated in any jurisdiction;
- at any time been a party to a scheme or arrangement or made any other form of compromise with their creditors;
- ever been involved, as a director with an executive function, in any business rescue plans and/or by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered

in terms of Section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company at the time of, or within the 12 months preceding, any such event(s);

- ever been found guilty in disciplinary proceedings by an employer or regulatory body due to dishonest activities;
- ever been involved in any receiverships, compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where they were partners at the time of, or within 12 months preceding, any such event(s);
- ever received public criticisms from statutory or regulatory authorities, including professional bodies, and none has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- ever been barred from entry into a profession or occupation;
- ever been convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act, and no company of which he or she was a director, alternate director or officer at the time of the offence has been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;
- ever been removed from an office of trust on the grounds of misconduct and involving dishonesty; or
- ever been declared delinquent or placed under probation in terms of Section 162 of the Companies Act and/or Section 47 of the Close Corporations Act, 69 of 1984 or disqualified to act as a director in terms of Section 219 of the Companies Act, 61 of 1973 or Section 69 of the Companies Act.

16.1.5 *Senior management*

The full names, positions, ages as at the Last Practicable Date, nationalities and qualifications of the Company's senior management are set out below.

The business address of each member of senior management is 148 Katherine Street, Sandton, South Africa, PO Box 787416, Sandton 2146, South Africa.

Darryll John Castle

For Darryll John Castle's biography, see "– 16.1.1 Board of Directors".

Mmakeaya Magoro Tryphosa Ramano

For Mmakeaya Magoro Tryphosa Ramano's biography, see "– 16.1.1 Board of Directors".

Jacobus Hendrik De La Rey Snyman +

For Jacobus Hendrik De La Rey Snyman's biography, see "– 16.1.2 Company Secretary".

Azola Cubekile Lowan	
Position	Executive: strategy and communications
Age	35
Nationality	South African
Qualifications	MBusSci, CFA
Experience	Azola heads up PPC's strategy, investor relations and communications departments. She was awarded the 2015 Top Young Achiever at the Standard Bank Top Women awards. Azola has experience in investment management as well as economics, having headed economic strategy and research units at various asset management and actuarial consulting firms. Her most recent position was in the financial analytics team at Absa Bank.

Johannes Thoedorus Claassen +	
Position	Managing Director PPC Cement RSA
Age	57
Nationality	South African
Qualifications	BEng, EDP
Experience	Johan is a professional engineer who joined PPC in 1989 and has served as executive: cement operations, executive: lime and other senior and general management roles across the cement and lime divisions. He was previously employed by the Department of Water Affairs, progressing to regional engineer.

Kgomotso Molefe	
Position	Chief information officer
Age	44
Nationality	South African
Qualifications	BSc computer science
Experience	Kgomotso started his career in business management consulting, focusing on process and technology aspects in telecommunications, utilities, government and financial services. He also worked for a multinational software development company focused on enterprise strategy consulting and software developments. At a major managed-services company in South Africa, he focused on service design and service delivery management before joining PPC.

Rob Rein	
Position	Executive: sales and marketing
Age	40
Nationality	South African
Qualifications	BCom Accounting
Experience	Rob joined PPC in February 2015 on secondment from Safika Cement and he is responsible for Group sales and marketing. He joined the Safika Cement sales department in 1998 and became a director and shareholder of Safika Cement.

Phuti Semenya	
Position	Chief audit executive*
Age	40
Nationality	South African
Qualifications	CA(SA), CIA, certified control self-assessor (CCSA), certificate in advanced banking law (*cum laude*)
Experience	Phuti spent four years in external audit management before assuming an executive finance role with a medium-sized printing company. He then moved into internal audit and covered two leading financial institutions before entering the forensic audit field. * Attends as observer only

Neil Caldwell	
Position	Executive: commercial
Age	50
Nationality	South African
Qualifications	BSc (mechanical), MBA, BProc
Experience	Neil has over 20 years of experience in the manufacturing and mining industries. Starting his career in engineering, he has since held various management and specialist roles. He joined PPC from Trafigura, where he was the GM development – mining group. Prior to that, he worked for Anvil Mining and MMG with a focus on activities in the DRC and spent eight years at Nampak from 1998 to 2006.

Everhardus Johannes (Hardie) de Beer	
Position	Executive: technical
Age	51
Nationality	South African
Qualifications	BEng (mechanical), MBL
Experience	Hardie is a professional engineer who joined PPC in 1996. He has served PPC in a number of key positions including engineering manager, general manager, head of technical and as an executive in operations and technical for PPC's international operations.

Njombo Lekula +	
Position	Managing Director, PPC International
Age	48
Nationality	South African
Qualifications	National diploma chemical engineering, MBA
Experience	Njombo is a chemical engineer who joined PPC in 1990 and has been in several roles in the cement operations side, including general management. He was previously executive of group services where he headed the technical, projects, procurement and supply chain divisions. Prior to his current appointment, he was seconded to PPC Zimbabwe in May 2013 as Managing Director.

Ndivhu Nepfumbada +	
Position	Group human resources executive
Age	45
Nationality	South African
Qualifications	BSocSc psychology and sociology, postgraduate diploma human resources
Experience	Ndivhu has over 24 years' experience in human resource. She was country HR manager and executive Director at Shell South Africa, head of organisational transformation for the Nedbank Group and HR Director for Cummins Diesel.

+ denotes members of senior management that are "prescribed officers" as defined within the JSE Listing Requirements.

16.1.6 ***Senior management declarations***

None of the senior managers mentioned above has:

- ever been convicted of an offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- ever been declared bankrupt, insolvent or sequestrated in any jurisdiction;
- at any time been a party to a scheme or arrangement or made any other form of compromise with their creditors;
- ever been involved, as a director with an executive function, in any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of Section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company at the time of, or within the 12 months preceding, any such event(s);
- ever been found guilty in disciplinary proceedings by an employer or regulatory body due to dishonest activities;
- ever been involved in any receiverships, compulsory liquidations, administrations or partnership, voluntary arrangements of any partnership where they were partners at the time of, or within 12 month preceding, any such event(s);
- ever received public criticisms from statutory or regulatory authorities, including professional bodies, and none has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- ever been barred from entry into a profession or occupation;
- ever been convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Companies Act, and no company of which he or she was a director, alternate director or officer at the time of the offence has been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;
- ever been removed from an office of trust on the grounds of misconduct and involving dishonesty; or
- ever been declared delinquent or placed under probation in terms of Section 162 of the Companies Act and/or Section 47 of the Close Corporations Act, 69 of 1984 or disqualified to act as a director in terms of Section 219 of the Companies Act, 61 of 1973 or Section 69 of the Companies Act.

16.1.7 **Qualification, remuneration, borrowing powers and appointment of Directors**

(a) **Extracts from the MOI relating to the Directors**

The relevant provisions of the MOI concerning the qualification, remuneration, borrowing powers and appointment of the Directors are set out below and in **Annexure 4**.

(b) **Borrowing powers**

The MOI does not impose any limitation on the borrowing powers of the Directors.
The borrowing powers of the Group exercisable by the Directors have not been exceeded during the previous three years.

(c) **Directors' emoluments**

The total remuneration, benefits and fees received by Directors for the six months ended 31 March 2016 was as follows:

Executive Directors	Remuneration	Benefits
DJ Castle	2,546	305
MMT Ramano	1,605	475

Executive Directors	Performance bonus	Long-term benefits	Other	Total
	(*R thousands*)			
DJ Castle	–	–	8	2,859
MMT Ramano	–	–	102	2,182

Non-executive Directors	Board fees	Chairman fees	Nominations (R thousands)	Audit	Risk and compliance
S Dakile-Hlongwane [1]	51	–	–	–	–
N Goldin	137	–	–	–	–
ZJ Kganyago [2]	82	–	–	–	–
TJ Leaf Wright	137	–	–	–	38
MP Malungani [2]	104	–	–	–	–
T Mboweni	137	–	98	–	–
SK Mhlarhi	137	–	–	–	–
B Modise	137	–	–	87	77
T Moyo	137	–	89	87	–
CH Naude	137	–	–	–	38
PG Nelson	137	–	–	87	–
TDA Ross	179	–	–	174	38
BL Sibiya [2]	–	431	187	–	–
	1,512	**431**	**374**	**435**	**191**

Non-executive Directors	Remuneration	Social and ethics & transformation	Investment	Special meetings	Total
S Dakile-Hlongwane [1]	–	–	–	40	91
N Goldin	73	–	31	40	281
ZJ Kganyago [2]	–	–	–	–	82
TJ Leaf Wright	–	45	31	79	330
MP Malungani [2]	–	45	62	–	211
T Mboweni	–	77	–	140	452
SK Mhlarhi	92	–	31	59	319
B Modise	–	–	–	80	381
T Moyo	–	–	–	60	373
CH Naude	92	–	–	119	386
PG Nelson	187	–	–	238	649
TDA Ross	–	–	43	196	630
BL Sibiya [2]	53	–	31	40	742
	497	**167**	**229**	**1,091**	**4,927**

Notes

1. Appointed January 2016
2. Resigned January 2016

There has been no remuneration paid to any of the Directors by way of expense allowance.

There are no commissions payable to, or gains or profit sharing arrangements with, any of the Directors save in respect of short-term incentive performance bonuses linked to the Group's profit, which are payable to the executive Directors outlined in the table above.

No share-based awards were made to Directors during the six months ended 31 March 2016.

There have been no fees paid or accrued as payable to a third party in lieu of Directors' fees.

The remuneration receivable by any of the Directors will not be varied in consequence of the Rights Offer or any related transaction.

No sums were paid or agreed to be paid within the three years preceding the date of this Circular to any Director or to any company in which he or she is beneficially interested, directly or indirectly, or of which he or she is a director (the "associate company"), or to any partnership, syndicate or other association of which he or she is a member (the "associate entity"), in cash or securities or otherwise, by any person either to induce him or her to become or to qualify him or her as a Director, or otherwise for services rendered by him or her or by the associate company or the associate entity in connection with the promotion or formation of PPC.

(d) **Directors' service contracts**

For a description of the Directors' service contracts, see "–16.6.5 Directors' service contracts" below.

16.1.8 **Interests of Directors**

Directors' interests in PPC Ordinary Shares

The interests (both direct and indirect) in PPC Ordinary Shares held by all the Directors (including their associates) as at 31 March 2016 are set out below. There have been no changes to the Directors' interests since 31 March 2016 and the Last Practicable Date.

	Direct		Indirect	
	Number of Shares	Percentage	Number of Shares	Percentage
S Dakile-Hlongwane[1]	–	–	–	–
N Goldin	–	–	–	–
ZJ Kganyago[2]	–	–	95,787	–
TJ Leaf Wright	–	–	–	–
MP Malungani[2]	–	–	–	–
T Mboweni	–	–	–	–
SK Mhlarhi	5,000	–	–	–
B Modise	–	–	–	–
T Moyo	–	–	–	–
CH Naude	–	–	–	–
PG Nelson	–	–	–	–
TDA Ross	–	–	–	–
BL Sibiya[2]	–	–	–	–

Notes

1. Appointed January 2016.
2. Resigned January 2016.

Other than as set out herein, there has been no change in the interests held in PPC Ordinary Shares by the Directors between the end of the preceding financial year and the Last Practicable Date.

All of the Directors having an interest in PPC Ordinary Shares intend on following their rights in terms of the Rights Offer to the extent practicable.

16.1.9 **Corporate governance**

The Board promotes and supports the highest standards of business integrity, ethics and corporate governance. The Board is committed to embracing good corporate governance practices and is guided by King III, the Companies Act and the additional requirements of the Listings Requirements.

The Board believes that most of the principles of King III are already incorporated in the Group's internal controls, policies and procedures governing corporate conduct, and that every effort has been made to apply the principles in all material respects with King III. The Board is of the view that the Group complies with the mandatory principles of King III. The Company endeavours to apply the voluntary principles of King III as more fully set out in its King III register which is available on the Company's website. For more information on the Group's corporate governance, see Annexure 4.

16.1.10 **Trading history of PPC Ordinary Shares on the JSE**

A table setting out the trading history of PPC Ordinary Shares on the JSE has been included in Annexure 3.

16.2 **Stated Capital and Major PPC Shareholders**

16.2.1 **Authorised and issued stated capital**

The authorised and issued stated capital of PPC, at the Last Practicable Date and after giving effect to the Rights Offer, is set out below:

Prior to the implementation of the Rights Offer	**Number of shares**
Authorised stated capital	10,000,000,000 PPC Ordinary Shares 20,000,000 cumulative, non-participating perpetual preference shares of R1,000 each
Issued stated capital	624,746,762 PPC Ordinary Shares
After the implementation of the Rights Offer	**Number of shares**
Authorised stated capital	10,000,000,000 PPC Ordinary Shares 20,000,000,cumulative, non-participating perpetual preference shares of R1,000 each
Issued stated capital	1,624,746,762 PPC Ordinary Shares

As at the date of this Circular, PPC does not own any treasury shares.

There are no other classes of securities listed and no securities of the Company are listed on any stock exchanges, other than the JSE and the ZSE.

(a) PPC Shares

PPC Shares have equal rights to participate in the capital of PPC, save that PPC Preference Shares rank, with regards to the repayment of capital on the winding-up of the Company, prior to the PPC Ordinary Shares. Any variation in the rights attaching to PPC Ordinary Shares or PPC Preference Shares will require a special resolution of PPC Ordinary Shareholders and PPC Preference Shareholders, respectively, in general meeting in accordance with the MOI.

For the purposes of the Rights Offer and to the extent required thereto, the unissued PPC Ordinary Shares in the capital of the Company have been placed under the control of the Directors, who are authorised to issue such PPC Ordinary Shares, subject to the provisions of the MOI, the requirements of the Companies Act and the Listings Requirements. Such authority is valid only for the purposes of implementing the Rights Offer.

(b) PPC Ordinary Shares

At the date of listing, all PPC Ordinary Shares rank *pari passu* in every respect. All PPC Ordinary Shares have equal rights to participate in the capital of PPC.

(c) PPC Preference Shares

All PPC Preference Shares rank *pari passu* in every respect. All PPC Preference Shares have equal rights to participate in the capital of PPC. PPC has not issued any Preference Shares as at the date of this Circular.

16.2.2 **Alterations to stated capital**

In order to facilitate the Rights Offer, PPC Shareholders duly passed the necessary resolutions as detailed in the notice to general meeting held on 1 August 2016 attached to the EGM Circular, and such resolutions which are required to be registered by the Commission were duly lodged with the Commission on 3 August 2016.

During the six months ended 31 March 2016, no PPC Ordinary Shares were issued to employees under the Group's share incentive schemes which are set out in "– 16.2.4 PPC Share incentive plans".

During the financial year ended 30 September 2015, 2,362,150 PPC Ordinary Shares totalling R47,148,142 were issued to employees, subject to the achievement of performance conditions, after being acquired from the market. During the financial year ended 30 September 2014, 2,772,600 PPC Ordinary Shares totalling R80,876,742 were issued to employees, subject to the achievement of performance conditions, after being acquired from the market and during the financial year ended 30 September 2013, 2,051,500 PPC Ordinary Shares totalling R66,837,870 were issued to employees, subject to the achievement of performance conditions, after being acquired from the market.

During the financial year ended 30 September 2015, no PPC Ordinary Shares were purchased from the market.

There have been no consolidations or sub-divisions of PPC Shares or any of its subsidiaries during the preceding three years.

16.2.3 **Commissions**

Save as disclosed in "7 Circular to Qualifying Shareholders – 7.3 Particulars of the Rights Offer – 7.3.6 Underwriting" and "15 Underwriting Arrangements" and above no commissions or consideration, including underwriting commission in respect of the allotment or issue of shares, have been paid by PPC during the three years preceding the date of this Circular.

16.2.4 **PPC share incentive plans**

There are no options or preference rights other than the employee share incentive plans disclosed below:

(a) A forfeitable share plan (the "FSP") in terms of which qualifying employees are awarded PPC Ordinary Shares which have full voting and dividend rights. These shares vest on the date determined by the Company's remuneration committee in accordance with the rules of the scheme, subject to the employee's continued employment with PPC from the date of award.

(b) A share appreciation scheme, in terms of which qualifying employees are awarded, in PPC Shares, the difference between the PPC Ordinary Share price on the date of award and the PPC Ordinary Share price on the date on which the share appreciation right is exercised in accordance with the rules of the scheme.

16.2.5 **Controlling shareholders**

As at the date of this Circular, PPC does not have any controlling shareholders as envisaged in the Listings Requirements.

PPC has not had any controlling shareholders for the past five years as the PPC Ordinary Shares are widely held.

16.2.6 **Major shareholders**

The major beneficial shareholders holding 3% or more of PPC Ordinary Shares as at the Last Practicable Date are set out below:

Major beneficial Shareholders	Number of shares	% of shares
Public Investment Corporation Limited	73,570,754	12.12
PPC SBP Consortium Funding SPV (Pty) Ltd.	39,988,926	6.59
PPC Masakhane Employee Share (Est) Trust	26,757,780	4.41

16.3 **Estimated Expenses in Relation to the Rights Offer**

PPC has not incurred any preliminary expenses (within the meaning of the Listings Requirements and the Companies Act) over the last three financial years.

It is estimated that PPC's expenses relating to the Rights Offer will amount to approximately R170 million. These expenses will be paid from the proceeds of the Rights Offer. The expenses (including VAT) relating to the Rights Offer are detailed below:

Nature of expense	Paid/payable to	Amount (R'000)
JSE documentation inspection fee	JSE	27
JSE listing fee	JSE	609
ZSE listing fee	ZSE	350
Transfer Secretaries	Computershare Investor Services Proprietary Limited, Corpserve Transfer Securities (Pyt) Ltd	250
Printing and posting costs	Ince	500
Legal advisers	Bowman Gilfillan Inc., Freshfields Bruckhaus Deringer LLP, Webber Wentzel Attorneys, Linklaters LLP	22,300
Financial adviser and JSE sponsor	Merrill Lynch South Africa Proprietary Limited	6,000
Underwriting fee	Standard Bank, Absa Bank, Nedbank, RMB	120,000
Corporate financing fee	Standard Bank, Absa Bank, Nedbank, RMB	20,000
Total		**170,036**

16.4 **Disclosure of conflict**

The Standard Bank of South Africa Limited

Shareholders are advised that Standard Bank has been appointed as Sole Global Coordinator, Joint Transaction Sponsor, Joint Bookrunner and Underwriter in relation to the Rights Offer. Shareholders are referred to paragraph 16.3 which sets out fees payable to Standard Bank in respect of the Rights Offer.

Further to the material contracts as set out in paragraph 16.6 below, PPC has the following funding facilities in place with Standard Bank as at 31 July 2016, entered into in the ordinary course of business:

- Standard Bank had advanced funding to PPC of R2,200 million, which includes the following:

	ZAR
Liquidity and guarantee facility	779,523,284
Term loan facility	478,500,000
Working capital facilities	10,465,339

- Standard Bank has R929 million of debt and preference share funding in aggregate in 7 of PPC's BEE shareholding vehicles and this funding is indirectly guaranteed by PPC; and
- Standard Bank's total funding exposure to PPC is expected to reduce by approximately R1,100 million upon the implementation of the Rights Offer.

The B Loan, credit sale facility, term loan facility and working capital facilities will be settled following the implementation of the Rights Offer.

In its capacity as Joint Transaction Sponsor, Standard Bank has confirmed to the JSE and PPC that there is no matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to PPC, and that would impact on its ability to act within the Code of Conduct as set out in the Listings Requirements. The Standard Bank JSE and Regulatory team is a separate and distinct unit within the larger Standard Bank Corporate Finance department comprising of its own dedicated team members.

Standard Bank has various internal procedures in place to ensure that its ability to act independently as JSE sponsor, is not compromised. Pursuant to these internal procedures, Standard Bank has a Compliance Control Room function that identifies and manages conflicts risks and ensures that strict "Chinese Walls" are maintained to ensure that as JSE sponsor, it is able to act independently from other divisions within Standard Bank. Standard Bank also enforces and implements physical and logical access restrictions to information, which is limited to deal teams for whom the information is relevant, for the purpose of fulfilling the client mandate.

Nedbank Limited

Shareholders are advised that Nedbank has been appointed as Joint Transaction Sponsor, Joint Bookrunner and Underwriter in relation to the Rights Offer. Shareholders are referred to paragraph 16.3 which sets out fees payable to Nedbank in respect of the Rights Offer.

Further to the material contracts as set out in paragraph 16.6 below, Nedbank, acting through its lending team ("Levfin") has the following funding arrangements in place with PPC:

- As at 31 July 2016, Levfin had advanced funding to PPC of R900.1 million, which includes the following:

	ZAR
Liquidity and guarantee facility	416,450,261
Term loan facility	483,264,759
Working capital facilities	397,000

- Levfin has R131.9 million of funding in two of PPC's BEE shareholding vehicles and this funding is indirectly guaranteed by PPC; and
- Levfin's total funding exposure is expected to reduce by approximately R607.3 million upon the implementation of the Rights Offer.

In its capacity as Joint Transaction Sponsor, Nedbank has confirmed to the JSE and PPC that there is no matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to PPC, and that would impact on its ability to act within the Code of Conduct as set out in the Listings Requirements of the JSE.

Nedbank Corporate Finance's sponsor division ("Nedbank Sponsor") is a separate and distinct unit within the larger Nedbank Corporate Finance business unit, comprising of its own dedicated team members. None of these team members form part of the transaction team appointed as Joint Bookrunners and Underwriters.

Nedbank, as a strictly regulated entity, has significant compliance procedures in place to ensure that the activities of both the Nedbank Corporate Finance business unit and Nedbank Sponsor are monitored and that effective Chinese Walls are in place between Nedbank Sponsor and Levfin, which would further ensure that Nedbank Sponsor's independence and objectivity in relation to the Rights Offer and its professional dealings with PPC are maintained.

16.5 Litigation statement

The Company is not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had, in the previous 12 months, a material effect on the Group's financial positions.

16.6 Material Contracts

16.6.1 Underwriting Agreement

Details of the Underwriting Agreement are set out in "Underwriting Arrangements".

16.6.2 Borrowings

Liquidity and Guarantee Facility

On 24 June 2016, PPC entered into a R2 billion secured liquidity and guarantee facility agreement with, among others, Standard Bank, Absa Bank, Nedbank and RMB (the "Guarantors") pursuant to which these Guarantors have provided the Liquidity and Guarantee Facility. Financial close was achieved the same day as execution (24 June 2016) and as at the Last Practicable Date, R1.8 billion has been utilised under the Liquidity and Guarantee Facility. A security package was provided by way of a South African security SPV structure which included a debt guarantee provided by a special purpose company nominated by the Guarantors (the "Security SPV") as well as a counter indemnity (the "Security SPV Counter-Indemnity") provided by PPC and the following members of the Group: Pronto Building Materials Proprietary Limited, PPC Cement SA Proprietary Limited, PPC Aggregate Quarries Proprietary Limited, PPC Lime Limited, PPC South Africa Holdings Proprietary Limited, Pronto Holdings Proprietary Limited and PPC Group Services Proprietary Limited (the "Initial Group Guarantors" and, together with PPC, the "Initial Obligors").

The Initial Group Guarantors have guaranteed the due and punctual performance by PPC of its obligations under the Security SPV Counter-Indemnity (the "Group Guarantor Guarantees"). Security provided includes a cession in security between each Initial Obligor and the Security SPV in terms of which the Initial Guarantor cedes all its book debts in favour of the Security SPV as security for its obligations under the Security SPV Counter-Indemnity and the Group Guarantor Guarantees and a pledge and cession in security between each Initial Obligor and the Security SPV in terms of which the Initial Obligor pledges and cedes all shares held by it in the issued share capital of any South African member of the Group (other than certain project finance entities) as security for its obligations under the Security SPV Counter-Indemnity and the Group Guarantor Guarantee. The Initial Obligors have also subordinated any claims which they may have against any member of the Group in favour of the claims of any Guarantors and the Security SPV under the the Liquidity and Guarantee Facility and the finance documents related thereto.

The Liquidity and Guarantee Facility contains no ongoing financial covenants, but does include certain events of default customary for financings of this nature including payment defaults, breaches of obligations under the finance documents, cross default or acceleration of other financial indebtedness, further audit qualifications, insolvency type events or breach of PPC's constitutional documents as well as certain other specific events of default including a failed Rights Offer (unless an unconditional underwriting agreement is in place and has not been revoked or terminated), disclaimers on any financial review by the auditors, breach of specific warranties relating to project-financed entities in the Group or termination of the appointment of the newly-appointed corporate restructuring officer without the prior consent of the Guarantors.

The Liquidity and Guarantee Facility includes mandatory prepayment triggers customary for debt financings such as enforcement action under sanctions laws, embargoes and other measures as may be imposed by certain international authorities and governments, changes in laws rendering it unlawful for any Guarantor to fund or maintain its participation in any loans thereunder, and changes in control in PPC and affected transactions (being transactions pursuant to which any person is obliged to make a mandatory offer to purchase PPC's shares), and also in respect of excess insurance and disposal proceeds. In addition to these, there are specific mandatory prepayment triggers for the cancellation, loss or adverse amendment of any mining licences previously issued by the relevant South African government authorities or the termination of any mandate of the relevant arranger other than for cause. Further, in the event of a successful Rights Offer, the proceeds of that Rights Offer, after payment of all amounts then due to the Noteholders under the Note Programme, must be used in payment of the loans under the Liquidity and Guarantee Facility, and thereafter applied in prepayment of loans under PPC's other term facilities (up to a maximum of R3 billion).

Interest is payable at a rate per annum equal to the Johannesburg Interbank Agreed Rate ("JIBAR") plus the agreed margin. Interest is payable on the last day of each month.

Under the agreement in respect of the Liquidity and Guarantee Facility, no dividends or other distributions may be made by PPC to Shareholders without the prior written consent of all the Guarantors.

Standstill arrangements

Each of Absa, Nedbank, RMB and Standard Bank has undertaken and agreed to a debt standstill for the period ending on the earlier of 17:00 Johannesburg time on 24 November 2016 and the date on which PPC has through a rights offer and/or private placement of its shares raised gross proceeds of no less than R4 billion (the "equity proceeds") save (i) if an event of default occurs under the finance documents for the Senior Secured Liquidity and Guarantee Facility, (ii) on the occurrence of any event of insolvency (as specified in the standstill undertakings) in respect of any member of the obligor group or (iii) any expropriation, attachment, distress or execution affects any assets of any obligor. PPC Broad-based Partnership Funding SPV Proprietary Limited ("CSG SPV") and PPC SBP Consortium Funding SPV Proprietary Limited ("SBP SPV"), the lenders to the Group under the financing agreements in respect of the BBBEE1 transaction, have agreed to a debt standstill on similar terms as above, save that the standstill period runs, in the case of CSG SPV, to the earlier of 1 November and the date when the noteholders under PPC's domestic medium-term note programme are repaid from the equity proceeds, in the case of SBP SPV, to the earlier of 2 November 2016 and the date when the equity proceeds are raised.

The Group has entered into standstill arrangements with certain of its lenders which temporarily block enforcement action by such lenders. As at the date of this Circular, the Group is not in compliance with certain of its covenants relating to its debt to EBITDA ratio as defined in the relevant financing agreements with such lenders. While the standstill arrangements block enforcement, compliance with such covenants remains a drawstop under certain of the Group's facilities.

Bridge facility

On 24 March 2016, PPC entered into an unsecured R2 billion 18-month facilities agreement with Nedbank and Standard Bank (the "Bridge Facilities Agreement"). The Bridge Facilities Agreement has been amended twice, by way of a first addendum, dated 23 May 2016, and a second addendum, dated 7 June 2016. As at the Last Practicable Date, Facility A (the R590 million term loan facility to be utilised by PPC for purposes of funding the redemption of all Notes due at the end of March 2016) has been fully utilised, Facility B (the R1.41 billion term loan facility to be utilised by PPC for purposes of funding the repayment of amounts outstanding under the 2008 Loans in respect of the CSGs and SBPs) has been partially utilised with a total amount of R957 million utilised between the two facilities.

The Bridge Facilities Agreement contains certain financial covenants, including maintenance of a gross debt to EBITDA ratio (as defined in the relevant funding agreements) of no greater than 3.3 times or 3 times (depending on the relevant measurement period), a debt service cover ratio of greater than 1.3 times and an interest cover ratio of greater than 3 times or 3.5 times (depending on the relevant measurement period). Covenant calculation factors exclude certain project finance entities and enforcement of the covenants is subject to the standstill arrangements described in the paragraph above.

The Bridge Facilities Agreement includes certain events of default customary for financings of this nature including no payment defaults, breaches of obligations under the finance documents, cross default or acceleration of other financial indebtedness, audit qualification, insolvency type events or breach of PPC's constitutional documents. The Bridge Facilities Agreement included Guarantees provided by the following Group companies: PPC Aggregate Quarries Proprietary Limited, PPC Cement SA Proprietary Limited, PPC Lime Limited and Pronto Building Materials Proprietary Limited. Interest is payable at a rate per annum equal to the JIBAR plus the agreed margin. Interest is payable every three months.

Under the Bridge Facilities Agreement, distributions to Shareholders are permitted without lender consent provided the group meets the specified threshold for Gross Debt to EBITDA (as defined in the relevant funding agreements) of less than 2.5 times.

The Bridge Facilities Agreement includes mandatory prepayment triggers customary for debt financings such as enforcement action under sanctions laws, embargoes and other measures as may be imposed by certain international authorities and governments, changes in laws rendering it unlawful for any lender to fund or maintain its participation in any loans thereunder, disposals of a major part of PPC's assets and changes in control in PPC and affected transactions (being transactions pursuant to which any person is obliged to make a mandatory offer to purchase PPC's shares). In addition to these, there are specific mandatory prepayment triggers for the cancellation, loss or adverse amendment of any mining licences previously issued by the relevant South African government authorities, or the termination of any mandate of the relevant arranger other than for cause. Further, from the earlier of an unsuccessful equity issue (being an equity issue which raises less than R4 billion) and 31 October 2016, if the market capitalisation drops to less than R5.5 billion, then the loans under the Bridge Facilities Agreement must be prepaid (subject to a grace period of six months from the date such threshold is breached).

General banking facilities

On or about 24 March 2016, PPC entered into:

- an unsecured R255 million general banking facility agreement with Standard Bank (the "Standard Bank GBF"); and
- an unsecured R255 million general banking facility agreement with Nedbank (the "Nedbank GBF").

On 16 April 2015, PPC entered into an unsecured R350 million general banking facility agreement with RMB, PPC Lime Limited and PPC Aggregate Quarries Proprietary Limited (the "RMB GBF" and, together with the Standard Bank GBF and the Nedbank GBF, collectively, the "GBFs"). Borrowers were expanded to include PPC Cement SA Proprietary Limited and PPC Group Services Proprietary Limited following the Group's restructure on 1 April 2016.

The GBFs include certain events of default customary for financings of this nature including cross default provisions similar to that of the Bridge Facility Agreement. The Nedbank and Standard Bank GBFs included Guarantees provided by the following Group companies: PPC Aggregate Quarries Proprietary Limited, PPC Cement SA Proprietary Limited, PPC Lime Limited and Pronto Building Materials Proprietary Limited. The RMB GBF includes suretyships by PPC Aggregate Quarries Proprietary Limited, PPC Lime Limited, PPC Cement SA Proprietary Limited and PPC Group Services Proprietary Limited.

The Standard Bank GBF and Nedbank GBF contains financial covenants identical to those in the Bridge Facilities Agreement.

Covenant calculation factors exclude certain project finance entities and enforcement of the covenants is subject to the standstill arrangements described in the paragraph above.

The RMB GBF does not specify any financial covenants.

The Nedbank GBF includes mandatory prepayment triggers customary for debt financings such as enforcement action under sanctions laws, embargoes and other measures as may be imposed by certain international authorities and governments, changes in laws rendering it unlawful for any lender to fund or maintain its participation in any loans thereunder, disposals of a major part of PPC's assets and changes in control in PPC and affected transactions (being transactions pursuant to which any person is obliged to make a mandatory offer to purchase PPC's shares). In addition to these, there is a specific mandatory prepayment trigger for the cancellation, loss or adverse amendment of any mining licences previously issued by the relevant South African Government authorities.

The RMB GBF and the SBSA GBF do not include mandatory prepayment triggers.

Absa RCF Agreement

On 4 February 2013, PPC entered into an unsecured R900 million revolving credit facility agreement with Absa Bank, the facilities provided thereunder are to be used for the general corporate purposes of PPC (the "Absa RCF Agreement"). As at the Last Practicable Date, the facility has been fully utilised. The Absa RCF Agreement contains the following financial covenants:

- a debt to EBITDA ratio (as defined in the relevant funding agreements) in respect of any relevant period (ie a 12-month period ending end Q1, Q2, Q3 or Q4 of any financial year), no greater than 3 times;
- a debt service cover ratio in respect of any relevant period, not less than 1.4 times; and
- an interest cover ratio in respect of any relevant period, not less than 3.5 times.

These covenants are subject to the standstill arrangements mentioned above.

The Absa RCF Agreement includes certain events of default customary for financings of this nature including no payment defaults, breaches of financial covenants, breaches of obligations under the finance documents, cross defaults or acceleration, insolvency type events, failure to comply with a final judgment, unlawfulness of any of the finance documents or certain expropriations. The Absa RCF Agreement included a Guarantee provided by PPC Cement SA Proprietary Limited.

The Absa RCF Agreement includes mandatory prepayment triggers customary for debt financings such as sanctions or changes in laws rendering it unlawful for any lender to fund or maintain its participation in any loans thereunder, and changes in control in PPC.

Interest is payable at a rate per annum equal to the JIBAR plus the agreed margin. Interest is payable every three months.

2008 CSG and SBP Loans

In 2008, PPC as borrower and for purposes of funding its working capital requirements and capital expansion projects, entered into:

- a R268 million unsecured term loan facility with the CSG SPV as lender (the "CSG Loan"); and
- a R1,252 million unsecured term loan facility with the SBP SPV as lender (the "SBP Loan" and, together with the CSG Loan, collectively, the "CSG/SBP Loans").

Each of the CSG/SBP Loans matures in December 2016, and, although initially fully utilised, as at the Last Practicable Date, the amounts outstanding under the CSG/SBP Loans have been partially repaid, reducing the outstandings between them to R1,052 million.

Guarantees have been provided by the following Group companies in respect of PPC's obligations under each CSG/SBP Loan: PPC Aggregate Quarries Proprietary Limited, PPC Cement SA Proprietary Limited, PPC Lime Limited and Pronto Building Materials Proprietary Limited.

Each of the CSG/SBP Loans contains the following financial covenants to be met at all times:

- a debt to EBITDA ratio (as defined in the relevant funding agreements) no greater than three times (other than any measurement period ending Q2 and Q4 of the 2016 financial year and Q2 of the 2017 financial year, for which the ratio may be no greater than 3.3);
- a debt service cover ratio greater than 1.4 times (other than the measurement period ending Q2 of the 2016 financial year, for which the ratio should be greater than 1.2); and
- an interest cover ratio greater than 3.5 times.

These covenants are subject to the standstill arrangements mentioned above.

Each of the CSG/SBP Loans are subject to mandatory prepayment to the extent that CSG/SBP each are required to prepay their back-to-back loans with Nedbank, Standard Bank and other financial institutions under the 2008 BEE Transaction. These back-to-back loans include mandatory prepayment triggers then customary for debt financings such as changes in laws rendering it unlawful for any lender to fund or maintain its participation in any loans thereunder, certain changes in control and affected transactions (being transactions pursuant to which any person is obliged to make a mandatory offer to purchase PPC's shares). In addition, the back-to-back loans include a mandatory prepayment trigger for loss of the empowerment status of CSG/SBP.

Interest on each CSG/SBP Loan is payable at a rate per annum equal to a particular swap rate plus the agreed margin. Interest is payable every three months.

16.6.3 Non-Group borrowings consolidated in the Group's financial statements

2008 CTA and BMT CTA

On 29 August 2008, PPC entered into a common terms agreement with the PPC Community Trust Funding SPV Proprietary Limited, PPC Team Benefit Trust Funding SPV Proprietary Limited, PPC Construction Industry Associations Trust Funding SPV Proprietary Limited, PPC Education Trust Funding SPV Proprietary Limited (collectively, the "BB SPVs"), certain material subsidiaries of PPC and Standard Bank, incorporating:

- Class A and B Preference Shares issued by each of the BB SPVs to Standard Bank totalling R673 million, with R270 million unredeemed at the Last Practicable Date; and
- term loans from Standard Bank to each BB SPV, totalling R254 million, with R250 million outstanding at the Last Practicable Date. PPC has guaranteed the repayment of these loans (the "CTA Target Company Guarantee").

In addition to the CTA Target Company Guarantee, the following material subsidiaries have provided a guarantee in respect of PPC's obligations under the CTA Target Company Guarantee: PPC Aggregate Quarries Proprietary Limited, PPC Cement SA Proprietary Limited, PPC Lime Limited and Pronto Building Materials Proprietary Limited.

On 29 August 2008, PPC entered into a common terms agreement with PPC Black Managers Trust Funding SPV Proprietary Limited (the "BMT SPV"), the Trustees of the Black Managers Trust (the "BMT"), certain material subsidiaries of PPC and Standard Bank, incorporating:

- Class A Preference Shares issued by the BMT SPV to Standard Bank amounting to R166 million, with R32 million unredeemed at the Last Practicable Date; and
- a R166 million term loan advanced by Standard Bank to the BMT, which was outstanding at the Last Practicable Date. PPC has guaranteed the repayment of this loan (the "BMT Target Company Guarantee").

In addition to the BMT Target Company Guarantee, the following material subsidiaries have provided a guarantee in respect of PPC's obligations under the BMT Target Company Guarantee: PPC Aggregate Quarries Proprietary Limited, PPC Cement SA Proprietary Limited, PPC Lime Limited and Pronto Building Materials Proprietary Limited.

These common terms agreements each contain mandatory prepayment triggers then customary for debt financings such as changes in laws rendering it unlawful for any lender to fund or maintain its participation in any loans thereunder, certain changes in control and affected transactions (being transactions pursuant to which any person is obliged to make a mandatory offer to purchase PPC's shares). In addition, they include a mandatory prepayment trigger for loss of the empowerment status.

16.6.4 Royalties

No royalties to third parties are payable by PPC or any of its subsidiaries.

16.6.5 Directors' service contracts

Darryll Castle, PPC's CEO, was appointed on 12 January 2015 for a period of five years ending on 31 December 2019. However, the Company has the option to extend his employment for a further period of one (1) year. His employment agreement includes a restraint of trade for a period of one (1) years after his employment is terminated.

Mmakeaya Magoro Tryphosa Ramano, PPC's Chief Financial Officer, was appointed on 1 August 2011 for an indefinite period. Her employment agreement may be terminated on three (3) months' prior written notice. Her employment agreement includes a restraint of trade for a period of six (6) months after her employment is terminated.

Non-executive Directors are appointed by way of an ordinary resolution of the Shareholders at a general meeting of the Company. Each non-executive Director's appointment is made in accordance with the provisions of the Companies Act and the MOI, which provides that one-third of the non-executive Directors shall retire each year and are eligible for re-election following this period. If the number of Directors is not three or a multiple of three, the number nearest to one-third, but not less than one-third, shall retire from office yearly. The Directors to retire each year shall be those who have been longest in office since their last election. Non-executive Directors receive a fee for their contribution to the Board and its committees on which they are members. In addition to this fee, the Company pays the Directors allowances for properly and necessarily incurred travel, subsistence and accommodation expenses.

16.7 Related party transactions

During the six months ended 31 March 2016 and the three months ended 30 June 2016, PPC and its related parties, in the ordinary course of business, entered into various inter-group sale and purchase transactions. These transactions are no less favourable than those arranged with third parties.

16.8 Directors' responsibility statement

The Directors, whose names are given beginning on page 144 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

16.9 Consents

Each of the sponsors and advisers whose names appear in the "Corporate Information and Advisers" section have consented to, and have not, prior to the Last Practicable Date, withdrawn their written consent to the inclusion of their names and, where applicable, reports in the form and context in which they appear in this Circular.

16.10 Documents available for inspection

Copies of the following documents will be available for inspection at the registered offices of PPC and from the offices of the Transfer Secretaries during normal business hours (excluding Saturdays, Sundays and gazetted national South African public holidays) at the addresses set out in the "Corporate Information and Advisers" section from Monday, 5 September 2016 to Friday, 16 September 2016, both days inclusive:

- a signed copy of this Circular and the Form of Instruction;
- the MOI of PPC and the memorandum of incorporation of each of its major subsidiaries;
- the Group's audited consolidated financial statements for the six months ended 31 March 2016 and the financial years ended 30 September 2015, 2014 and 2013;
- the Group's reviewed consolidated financial statements for the three months ended 30 June 2016;
- the letters of consent referred to in "– 16.9 Consents";
- the Underwriting Agreement; and
- the material contracts detailed in "– 16.6 Material contracts".

Signed at Sandton on behalf of PPC in terms of a resolution by the Directors.

By order of the Board

1 September 2016

Darryll John Castle
Chief Executive Officer

PART 17 DEFINITIONS AND INTERPRETATIONS

Throughout this Circular and the annexures hereto, unless the context indicates otherwise, the words in the column on the left below shall have the meanings stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

"2013 Audited Financial Statements"	means the audited consolidated financial statements of the Group as of and for the year ended 30 September 2013;
"2014 Audited Financial Statements"	means the audited consolidated financial statements of the Group as of and for the year ended 30 September 2014;
"2015 Audited Financial Statements"	means the audited consolidated financial statements of the Group as of and for the year ended 30 September 2015;
"2016 Audited Financial Statements"	means the audited consolidated financial statements of the Group as of and for the six months ended 31 March 2016;
"3Q"	means 3Q Mahuma Concrete Proprietary Limited;
"Absa Bank"	means Absa Bank Limited;
"ADR"	means American Depositary Receipt;
"Afrisam"	means AfriSam Proprietary Limited;
"Air Quality Act"	means the South African National Environmental Management Air Quality Act, No. 39 of 2004, as amended;
"Allocation Principles"	means the principles by which the Board shall allocate Rights Offer Shares to Qualifying Shareholders who have applied and paid for any Rights Offer Shares pursuant to an excess application;
"Audited Financial Statements"	means the 2013 Audited Financial Statements, the 2014 Audited Financial Statements, the 2015 Audited Financial Statements and the 2016 Audited Financial Statements;
"Australia"	means the Commonwealth of Australia;
"Authorised Dealers"	means certain South African banks that have been appointed by the SARB to act as authorised dealers in foreign exchange;
"Barnet Lenders"	means the IFC and the PTA;
"BBBEE"	means broad-based black economic empowerment;
"BBBEE Act"	means the South African Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
"BBBEE Codes"	means the BBBEE Act or the codes of good practice, as amended;
"BBBEE1"	means the Group's 15.3% BBBEE transaction valued at R2.7 billion due to mature in December 2016;
"BBBEE2"	means the Group's BBBEE transaction valued at R1.3 billion due to mature in 2019;
"BEE"	means black economic empowerment;
"BEESOS"	means the Black Economic Empowerment Share Ownership Scheme;
"Board" or **"Directors"**	means the board of directors of PPC as at the date of this Circular, and as reflected in this Circular;
"Botswana"	means the Republic of Botswana;
"Bridge Facilities Agreement"	means the unsecured R2 billion 18-month facilities agreement among PPC, Nedbank and Standard Bank entered into on 24 March 2016, as amended twice, by way of a first addendum, dated 23 May 2016, and a second addendum, dated 7 June 2016;

"Broker"	means any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act or any member of the ZSE licensed by the Securities and Exchange Commission of Zimbabwe as a securities dealer;
"Burundi"	means the Republic of Burundi;
"CCMA"	means the South African Commission for Conciliation, Mediation and Arbitration;
"CEO"	means chief executive officer;
"Certificated Shares"	means PPC Ordinary Shares which are not dematerialised in terms of the requirements of Strate, title to which is represented by a share certificate or other Documents of Title;
"CGT"	means capital gains tax in South Africa;
"Chamber of Mines"	means the South African Chamber of Mines;
"CIMERWA"	means CIMERWA Limited, a Rwandan cement company;
"CIMERWA plant"	means the 600,000tpa cement plant near Mashyuza, Rusizi, Rwanda that the Group commissioned in the second half of 2015;
"Circular"	means this bound document, dated 1 September 2016, incorporating a Form of Instruction;
"CLP"	means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Competition Act;
"CO_2"	means carbon dioxide;
"Codes"	means the South African Codes of Good Practice on Broad-Based Black Economic Empowerment as promulgated in terms of section 9(1) of the BBBEE Act;
"Commission"	means the Companies and Intellectual Property Commission established under the Companies Act;
"Common Monetary Area"	means, collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"Companies Act"	means the South African Companies Act, No. 71 of 2008, as amended;
"Companies Regulations"	means the Companies Regulations, 2011 published in terms of section 223, and item 14 of Schedule 5, of the Companies Act;
"Competition Act"	means the South African Competition Act, No. 89 of 1998, as amended;
"Conditional Immunity Agreement"	means the agreement between PPC and the South African Competition Commission granting PPC conditional immunity from prosecution relating to the collusive conduct between PPC and its competitors, dated 5 November 2009;
"CSDP"	means a Central Securities Depository Participant, being a "participant" as defined in section 1 of the Financial Markets Act and appointed by individual Shareholders for the purposes of, and in regard to, dematerialisation in terms of such Act;
"CSGs"	means Community Service Groups;
"CSI"	means corporate social investment;
"CTC"	means Contributed Tax Capital;
"Dangote"	means Dangote Cement Plc;
"DEA"	means the Department of Environmental Affairs;
"Deloitte"	means Deloitte & Touche, the independent auditors of the Group;
"Dematerialised Shares"	means PPC Ordinary Shares which have been incorporated into the Strate system and which are no longer evidenced by a share certificate or other Documents of Title;
"Directors"	means the PPC directors;
"DMR"	means the South African Department of Mineral Resources;
"DMTN"	means the Company's R6 billion domestic medium-term note programme;
"DWS"	means the Department of Water and Sanitation;

"Documents of Title"	means share certificates, certified transfer deeds, balance receipts or any other documents of title to PPC Ordinary Shares;
"DRC"	means the Democratic Republic of Congo;
"EEA"	means the European Economic Area;
"EFT"	means electronic funds transfer;
"EGM Circular"	means the extraordinary general meeting circular to PPC Shareholders dated 1 July 2016;
"EMIs"	means the Environmental Management Inspectors and Environmental Mineral Resources Inspectors;
"Employment Equity Act"	means the South African Employment Equity Act, No. 55 of 1998, as amended;
"EMPr"	means environmental management plans or programmes;
"Environmental Regulations"	means the national and supranational environmental, health and safety laws, regulations, treaties and conventions that apply to the operations of cement, aggregate and lime producers;
"Ethiopia"	means the Federal Democratic Republic of Ethiopia;
"Exchange Controls"	means the restrictions applicable to residents and non-residents under Exchange Control Regulations on, *inter alia*, the remittance of funds from the Common Monetary Area to a country outside of the Common Monetary Area;
"Exchange Control Regulations"	means the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, No. 9 of 1933, as amended;
"Expansion Strategy"	means the 2010 strategy implemented by PPC to expand into Africa through, *inter alia*, projects in Rwanda, the DRC, Zimbabwe and Ethiopia;
"Financial Markets Act"	means the South African Financial Markets Act, No. 19 of 2012, as amended;
"Financial Statements"	means the Reviewed Interim Financial Statements and the Audited Financial Statements;
"Financial Surveillance Department"	means the Financial Surveillance Department of SARB responsible for administering the Exchange Control Regulations;
"Form of Instruction"	means a form of instruction in respect of the Letter of Allocation reflecting the rights of Qualifying Certificated Shareholders and on which Qualifying Certificated Shareholders are entitled to indicate whether they wish to take up, dispose of or renounce all or a portion of their Rights, or apply for additional Rights Offer Shares;
"FSP"	means forfeitable share plan;
"GDP"	means gross domestic product;
"Group"	means PPC and its subsidiaries;
"Group EBITDA"	means profit before taxation; other exceptional adjustments; impairments; (loss)/earnings from equity accounted investments; investment income, finance costs; fair value adjustments on financial instruments; depreciation; amortisation and empowerment transactions IFRS 2 charges;
"Group EBITDA margin"	means Group EBITDA divided by total revenue;
"Guarantors"	means PPC's debt providers acting as guarantors to noteholders under the Note Programme;
"Habesha"	means Habesha Cement Share Company;
"Habesha plant"	means the cement plant located approximately 35km north-west of Addis Ababa that Habesha is constructing;
"Harare Mill"	means the 700,000tpa grinding and dispatch plant in Harare the Group is constructing;
"HDSA"	means historically disadvantaged South Africans;

"headline earnings per share"	means earnings per share attributable to equity holders excluding certain separately identifiable remeasurements, such as profits or losses associated with the sale or termination of discontinued operations, fixed assets, intangible assets or related businesses, or from any permanent devaluation or write-off of their values, net of related tax and related non-controlling interest;
"HeidelbergCement"	means HeidelbergCement Group;
"IAS 34"	means the International Accounting Standard 34 Interim Financial Reporting;
"IASB"	means the International Accounting Standards Board;
"IDC"	means the Industrial Development Corporation;
"IFC"	means the International Finance Corporation;
"IFRS"	means the International Financial Reporting Standards and Interpretations adopted by the IASB and the International Financial Reporting Interpretations Committee of the IASB;
"Increase of the PPC Ordinary Stated Capital"	means the increase of the existing authorised ordinary stated capital of PPC, being 700,000,000 PPC Ordinary Shares by the creation of a further 9,300,000,000 PPC Ordinary Shares for the purposes of the Rights Offer, such that pursuant to such increase, the authorised ordinary stated capital of PPC comprises 10,000,000,000 PPC Ordinary Shares;
"IP"	means intellectual property;
"IRS"	means the US Internal Revenue Service;
"IT"	means information technology;
"ITAC"	means the International Trade Administration Commission;
"JIBAR"	means the Johannesburg Interbank Agreed Rate;
"JSE"	means the JSE Limited, registration number 2005/022939/06, a private company incorporated in South Africa and licensed as an exchange under the Financial Markets Act;
"King III"	means the King Report on Corporate Governance for 2009;
"LafargeHolcim"	means LafargeHolcim S.A.;
"Land Restitution Act"	means the South African Restitution of Land Rights Act, No. 22 of 1994, as amended;
"Last Practicable Date"	means 26 August 2016, the last practicable date prior to the publication of this Circular;
"Letters of Allocation"	means a renounceable (nil paid) letter of allocation to be issued to Qualifying Shareholders in electronic form relating to the Rights Offer;
"Liquidity and Capital Plan"	means the comprehensive response developed by the Company to meet the Group's liabilities relating to the redemption of Notes as described in "– 10 Operating and Financial Review – 10.6 Liquidity and Capital Resources – Liquidity";
"Liquidity and Guarantee Facility"	means the irrevocable and unconditional guarantee in favour of noteholders of the Company's outstanding Notes and the provision of the Company with liquidity to redeem the Notes;
"Listings Requirements"	means the Listings Requirements of the JSE, as amended;
"LRA"	means the South African Labour Relations Act, No. 66 of 1995, as amended;
"Mamba"	means Mamba Cement Company;
"Management"	means the senior management of PPC Ltd;
"Materials business"	means the lime, aggregates, fly ash and readymix businesses;
"MHSA"	means the South African Mine Health and Safety Act, No. 29 of 1996;
"Mining Assets"	means the Group's various limestone and aggregate quarries;
"Mining Charter"	means the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry, published under Government Notice in 1639 in Government Gazette 2661 of 13 August 2004, including the amendment published under Government Notice 838 in Government Gazette 33573 of 20 September 2010, as amended;

"Minister of Finance" means the South African Minister of Finance;

"Minister of Mineral Resources" means the South African Minister of Mineral Resources;

"MOI" means the memorandum of incorporation of PPC;

"Mozambique" means the Republic of Mozambique;

"MPRDA" means the Mineral and Petroleum Resources Development Act, No. 28 of 2002, as amended;

"Nedbank" means Nedbank Corporate and Investment Banking, a division of Nedbank Limited;

"NEMA" means the National Environmental Management Act, No. 107 of 1998, as amended;

"Noteholders" means holders of the Notes;

"Note Programme" means the Company's domestic medium term note programme;

"Notes" means the Company's notes issued under the Note Programme;

"NPC" means Natal Portland Cement Company;

"NWA" means the South African National Water Act, No. 36 of 1998, as amended;

"OHSA" means the South African Occupational Health and Safety Act, No. 181 of 1993, as amended;

"Order" means Article 19(5) of the UK Financial Services and Markets Act, 2000 (Financial Promotion) Order 2005, as amended;

"Overseas Shareholder" means a PPC Ordinary Shareholder resident in, or a citizen of, jurisdictions outside South Africa;

"PFIC" means "passive foreign investment company" for US federal income tax purposes;

"PIP" means the Profit Improvement Programme;

"PPC" or "Company" means PPC Ltd (Registration number 1892/000667/06), a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE;

"PPC Barnet Plant" means the 1mtpa integrated cement plant near Kimpese in the Kongo Central province in western DRC that the Group is building as part of its Expanion Strategy;

"PPC Ordinary Shareholder" means a registered holder of PPC Ordinary Shares;

"PPC Ordinary Shares" means no par value ordinary shares each in the authorised and issued stated capital of PPC;

"PPC Preference Shareholder" means a registered holder of PPC Preference Shares;

"PPC Preference Shares" means convertible, redeemable, non-cumulative preference shares with a par value of R1,000 each in the authorised and issued stated capital of PPC;

"PPC Shareholder" means a registered holder of PPC Shares;

"PPC Shares" means PPC Ordinary Shares and PPC Preference Shares;

"PPE" means property, plant and equipment;

"Pronto" means Pronto Holdings Proprietary Limited;

"Prospectus Directive" means Directives 2003/71/EC (and amendments thereto including Directive 2010/73/EU, to the extent implemented by the Relevant Member State) on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010;

"PTA" means the Southern African Trade and Development Bank;

"QIBs" means qualified institutional buyers as defined in Rule 144A under the US Securities Act;

"Qualified Investors"	means persons in the EEA within the meaning of Article 2(1)(e) of Directive 2003/71/EC (and amendments thereto including Directive 2010/73/EU);
"Qualified Certificated Shareholder"	means a Qualifying Shareholder whose PPC Ordinary Shares are not dematerialised in terms of the requirements of Strate, title of which is represented by a share certificate or other documents;
"Qualified Dematerialised Shareholder"	means a Qualifying Shareholder whose PPC Ordinary Shares have been incorporated into the Strate system and which are no longer evidenced by a share certificate or other Documents of Title;
"Qualifying Shareholder"	means a registered PPC Ordinary Shareholder on the Record Date, excluding holders of PPC ADRs, and who are not Restricted Shareholders;
"R" or **"ZAR"** or **"Rand"**	means South African Rand, the official currency of South Africa;
"Ratings Downgrade"	means the Group's decline in ratings from zaA/za-2 to zaBB-/zaB long and short-term South African scale as released by S&P on 30 May 2016;
"Ratio of Entitlement"	means 160.06486 Rights Offer Shares for every 100 PPC Ordinary Shares held by Qualifying Shareholders and/or such proportionate lower number of shares in respect of a holding of less than 100 PPC Ordinary Shares;
"REAL"	means the Group's relevant, empowering, actualised and lasting transformation philosophy relating to the Group's broad-based socioeconomic transformation objectives;
"real GDP"	means economic output adjusted for price changes (inflation/deflation) and measures total quantity output;
"Record Date"	means the last day for PPC Ordinary Shareholders to be recorded in the Register in order to participate in the Rights Offer, being close of business (SAST) on Friday, 2 September 2016;
"Register"	means the register of PPC Shareholders;
"Regulation S"	means Regulation S of the US Securities Act, as amended;
"Relevant Member State"	means each member state of the EEA which has implemented the Prospectus Directive;
"Restricted Shareholders"	means a registered PPC Ordinary Shareholder (as reflected on the Register) on the Record Date with registered addresses or who are resident or located in the United States or in any Restricted Territory;
"Restricted Territories"	means Australia, Canada and Japan;
"Reviewed Interim Financial Statements"	means the reviewed condensed consolidated financial statements of the Group as of and for the three months ended 30 June 2016;
"Rights Offer"	means the offer by PPC to Qualifying Shareholders of Rights Offer Shares at the Rights Offer Share Price in the Ratio of Entitlement;
"Rights Offer Share Price"	means the price per new Rights Offer Share to be offered to Qualifying Shareholders in terms of the Rights Offer being R4.00 per Rights Offer Share;
"Rights Offer Shares"	means the 1,000,000,000 PPC Ordinary Shares, which are the subject of the Rights Offer;
"RMB"	means Rand Merchant Bank, a division of FirstRand Bank Limited;
"Royalty Act"	means the South African Mineral and Petroleum Resources Royalty Act, as amended;
"Rule 144A"	means Rule 144A of the US Securities Act;
"Rump Shares"	means any Rights Offer Shares not subscribed for pursuant to Rights in the Rights Offer;
"Rwanda"	means the Republic of Rwanda;
"SABLS"	means South Africa, Botswana, Lesotho and Swaziland;
"Safika Cement"	means Safika Cement Holdings Proprietary Limited;
"SAICA"	means the South African Institute of Chartered Accountants;
"SARB"	means the South African Reserve Bank;

"SAST"	means South African Standard Time;
"SBPs"	means Strategic Black Partners;
"SEC"	means the US Securities and Exchange Commission;
"Securities"	means the securities of PPC referred to in this Circular;
"SENS"	means the Stock Exchange News Service of the JSE;
"SK9 plant"	means the Group's construction of a new 1mta kiln at Slurry, South Africa;
"South Africa"	means the Republic of South Africa;
"South African Competition Commission"	means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act;
"South African Qualifying Shareholders"	means Qualifying Shareholders who are recorded on the branch of the Register maintained in South Africa;
"SPV"	means special purpose vehicle;
"Standard Bank"	means The Standard Bank of South Africa Limited;
"Statement of Financial Position"	means the statement of financial position as presented in the Group's consolidated financial statements;
"Strate"	means Strate Limited, registration number 1998/022242/06, a private company incorporated in accordance with the laws of South Africa and a registered central securities depositary in terms of the Financial Markets Act and responsible for the electronic custody and settlement system used by the JSE;
"STT"	means securities transfer tax, as contemplated in the South African Securities Transfer Tax Act, No. 25 of 2007, as amended;
"S&P"	S&P Global Ratings;
"Takeover Regulations"	means the Fundamental Transactions and Takeovers Regulations as contained in Chapter 5 of the Company Regulations 2011, as published under Section 223 of the Companies Act under Notice No. R351 in the South African Government Gazette No. 34239 of 26 April 2011, as it may be amended or superseded from time to time;
"Transfer Secretaries"	means collectively, Computershare Investor Services Proprietary Limited in South Africa, registration number 2004/003647/07, and Corpserve Transfer Securities (Pvt) Ltd in Zimbabwe, registration number 9988/97;
"Treaty"	means the income tax treaty between the United States and South Africa;
"Ulula Ash"	means Ulula Ash Proprietary Limited, a subsidiary of PPC;
"Underwriters"	means Standard Bank, Absa Bank, Nedbank and RMB;
"Underwriting Agreement"	means collectively the agreement entered into between PPC and the Underwriters dated 22 August 2016, pursuant to which the Underwriters have severally agreed, subject to certain conditions, to underwrite the Rump Shares;
"United Kingdom" or **"UK"**	means the United Kingdom of Great Britain and Northern Ireland;
"United States" or **"US"**	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"US Exchange Act"	means the US Securities Exchange Act of 1934, as amended;
"US Securities Act"	means the US Securities Act of 1933, as amended;
"US$" or "US dollars"	means the United States Dollar, the lawful currency of the United States;
"VAT"	means value-added tax in terms of the South African Value Added Tax Act, No. 89 of 1991, as amended;
"Waste Act"	means the South African Waste Act, No. 59 of 2008, as amended;
"Zambia"	means the Republic of Zambia;
"Zimbabwe"	means the Republic of Zimbabwe;
"Zimbabwean Qualifying Shareholders"	means Qualifying Shareholders who are recorded on the branch of the Register maintained in Zimbabwe; and
"ZSE"	means Zimbabwe Stock Exchange.

TABLE OF RIGHTS

Qualifying Shareholders will be entitled to 160.06486 Rights Offer Shares for every 100 PPC Ordinary Shares held. Qualifying Shareholders holding less than 100 PPC Ordinary Shares, or not a whole multiple of 100 PPC Ordinary Shares, will be entitled, in respect of such holdings, to participate in the Rights Offer in accordance with the table of entitlement set out below. Qualifying Shareholders' Rights will be rounded up or down, as appropriate, with fractions of 0.5 and above being rounded up, and only whole numbers of Rights Offer Shares will be issued, in accordance with the Listings Requirements.

Number of existing Shares held	Rounded number of Rights Offer Shares to which a Shareholder is entitled	Number of existing Shares held	Rounded number of Rights Offer Shares to which a Shareholder is entitled	Number of existing Shares held	Rounded number of Rights Offer Shares to which a Shareholder is entitled
1	2	41	66	81	130
2	3	42	67	82	131
3	5	43	69	83	133
4	6	44	70	84	134
5	8	45	72	85	136
6	10	46	74	86	138
7	11	47	75	87	139
8	13	48	77	88	141
9	14	49	78	89	142
10	16	50	80	90	144
11	18	51	82	91	146
12	19	52	83	92	147
13	21	53	85	93	149
14	22	54	86	94	150
15	24	55	88	95	152
16	26	56	90	96	154
17	27	57	91	97	155
18	29	58	93	98	157
19	30	59	94	99	158
20	32	60	96	100	160
21	34	61	98	1,000	1,601
22	35	62	99	10,000	16,006
23	37	63	101	100,000	160,065
24	38	64	102	1,000,000	1,600,649
25	40	65	104		
26	42	66	106		
27	43	67	107		
28	45	68	109		
29	46	69	110		
30	48	70	112		
31	50	71	114		
32	51	72	115		
33	53	73	117		
34	54	74	118		
35	56	75	120		
36	58	76	122		
37	59	77	123		
38	61	78	125		
39	62	79	126		
40	64	80	128		

INFORMATION ON THE UNDERWRITERS

The proposed Rights Offer is underwritten by the Underwriters.

Details pertaining to the Underwriters as required by the Listings Requirements are set out below:

Full legal entity name	Absa Bank Limited
Nature of business	Authorised financial services and registered credit provider
Directors	Colin Beggs Yolanda Zoleka Cuba Thembisa Dingaan David Wayne Preston Hodnett Mohamed Junaid Husain Wendy Elizabeth Lucas-Bull Thoko Martha Mokgosi-Mwantembe Trevor Stewart Munday Paul Sean O'flaherty Maria Da Conceicao Das Neves Calha Ramos Tasneem Abdool-Samad
Company secretary	Nadine Rochelle Drutman
Date and place of incorporation	6 November 1986 (South Africa)
Registration number	1986/004794/06
Registered office	Barclays Towers West 7th Floor 15 Troye Street Johannesburg 2001
Auditors	PricewaterhouseCoopers and Ernst & Young Jointly
Bankers	Absa Bank
Authorised share capital	320,000,000 ordinary shares of R1.00 each; 250,000,000 "A" ordinary shares of R0.01; and 30,000,000 non-cumulative, non-redeemable listed preference shares of R0.01 each.
Issued share capital	302,609,359 ordinary shares of R1.00 each; 110,188,222 "A" ordinary shares of R0.01 each; and 4,944,839 non-cumulative, non-redeemable listed preference shares of R0.01 each.

Full legal entity name	Nedbank Limited
Nature of business	Authorised financial services and registered credit provider
Directors	David Kwame Tandoh Adomakoh Thomas Andrew Boardman Michael William Thomas Brown Brian Anthony Dames Ian David Gladman Jonathan Bruce Hemphill Errol Melville Kruger Paul Mpho Makwana Mantsika Amelia Matooane Nomavuso Patience Mnxasana Raisibe Kgomaraga Morathi Vassi Naidoo Joel Khathutshelo Netshitenzhe Mfundo Clement Nkuhlu Stanley Subramoney Malcolm Ian Wyman
Company secretary	Thabani Sibusiso Brian Jali
Date and place of incorporation	1951, South Africa
Registration number	1951/000009/06
Registered office	Nedbank 135 Rivonia Campus 135 Rivonia Road Sandown 2196
Auditors	Deloitte & Touche
Authorised share capital	30,000,000 ordinary shares of R1.00 each; 1,000,000 non-redeemable, non-cumulative preference shares of R0.001 each; 5,000 Class A redeemable cumulative preference shares of R0.0001 each; and 5,000 Class B redeemable cumulative preference shares of R0.0001 each.
Issued share capital	27,555,649 ordinary shares of R1.00 each; 385,277,491 non-redeemable, non-cumulative preference shares of R0.001 each; 100 Class A redeemable cumulative preference shares of R0.0001 each; and 100 Class B redeemable cumulative preference shares of R0.0001 each.

Full legal entity name	Rand Merchant Bank, a division of FirstRand Bank Limited
Nature of business	Authorised financial services and registered credit provider
Directors	Vivian Wade Bartlett Mary Sina Bomela Johan Petrus Burger Peter Cooper Lauritz Lanser Dippenaar Jan Jonathan Durand Grant Glenn Gelink Patrick Maguire Goss Nolulamo Nobambiswano Gwagwa Paul Kenneth Harris William Rodger Jardine Hetash Surendrakumar Kellan Francois Knoetze Russell Mark Loubser Paballo Joel Makosholo Ethel Gothatamodimo Matenge-Sebesho Amanda Tandiwe Nzimande Deepak Premnarayen Alan Patrick Pullinger Benedict James van der Ross Jan Hendrik van Greuning
Company secretary	Carnita Low
Date and place of incorporation	11 January 1929 (South Africa)
Registration number	1929/001225/06
Registered office	4 Merchant Place Cnr Fredman Drive and Rivonia Road Sandton 2146
Auditors	PricewaterhouseCoopers (PwC) and Deloitte & Touche
Bankers	FNB
Authorised share capital	4,000,000 ordinary shares
Issued share capital	3,733,672 ordinary shares

Full legal entity name	The Standard Bank of South Africa Limited
Nature of business	Authorised financial services and registered credit provider (NCRCP15)
Directors	Thulani Gcabashe Sim Tshabalala Richard Dunne Ben Kruger Kgomotso Moroka Andre Parker Dr Arno Daehnke Peter Sullivan Swazi Tshabalala Ted Woods Wenbin Wang Martin Oduor-Otieno Atedo Peterside
Company secretary	Z Stephen
Date and place of incorporation	13 March 1962, Pretoria, South Africa
Registration number	1962/000738/06
Registered office	9th Floor 5 Simmonds Street Johannesburg 2001
Auditors	KPMG Inc. and PricewaterhouseCoopers Inc.
Bankers	N/A
Authorised share capital	2,000,000,000 ordinary shares of R0.10 each
Issued share capital	1,619,230,439 ordinary shares of R0.10 each

TRADING HISTORY

The trading history of PPC Ordinary Shares on the JSE is set out below:

Monthly	High	Low	Value	Volume
	(SA cents per share)		(R million)	
2016				
August (through 26 August)	1,019	775	667	74,417,725
July	832	630	479	65,167,924
June	1,074	680	638	77,499,162
May	1,524	935	474	37,607,276
April	1,550	1,190	567	41,838,336
March	1,495	1,134	432	32,311,462
February	1,472	1,138	413	32,211,118
January	1,620	1,130	542	38,774,556
2015				
December	1,738	1,286	568	38,075,760
November	1,758	1,496	758	46,405,456
October	1,873	1,652	827	47,255,368
September	2,181	1,693	945	47,636,527
August	2,290	2,037	653	30,077,499

Source: iNet Bridge

The 30-day trading history prior to the Last Practicable Date is set out below:

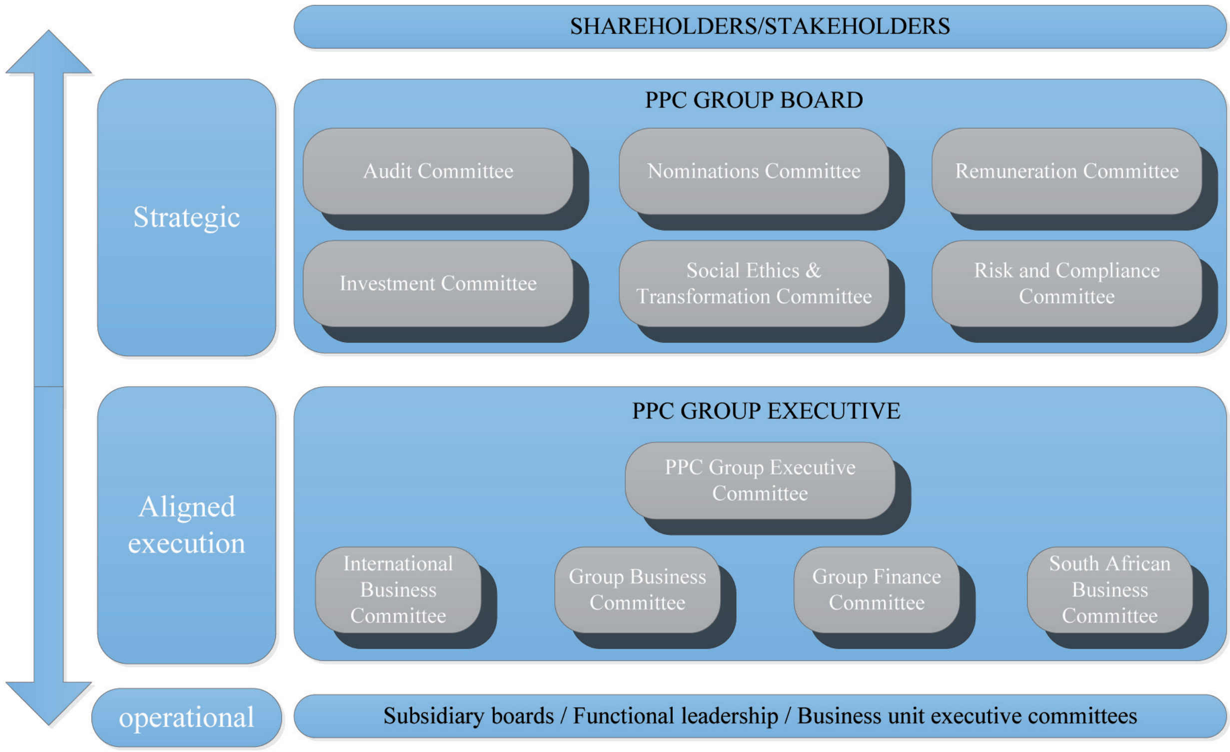
Date	High	Low	Value	Volume
	(SA cents per share)		(R million)	
26-Aug-16	897	855	57	6,568,287
25-Aug-16	889	775	78	9,157,247
24-Aug-16	923	860	29	3,244,411
23-Aug-16	940	831	41	4,606,329
22-Aug-16	920	861	13	1,439,460
19-Aug-16	942	883	31	3,451,963
18-Aug-16	970	920	15	1,555,691
17-Aug-16	1,000	944	34	3,500,811
16-Aug-16	1,001	956	60	6,066,727
15-Aug-16	964	931	68	7,162,340
12-Aug-16	1,019	912	83	8,472,238
11-Aug-16	916	868	32	3,537,249
10-Aug-16	883	820	32	3,775,665
08-Aug-16	835	797	29	3,584,347
05-Aug-16	799	781	16	2,097,664
04-Aug-16	799	785	21	2,631,583
02-Aug-16	800	777	18	2,257,517
01-Aug-16	803	780	10	1,290,196
29-Jul-16	794	762	12	1,593,926
28-Jul-16	820	776	13	1,677,408
27-Jul-16	822	790	17	2,157,416
26-Jul-16	832	792	34	4,210,218
25-Jul-16	811	760	38	4,761,141
22-Jul-16	770	723	28	3,663,154
21-Jul-16	765	710	35	4,768,007
20-Jul-16	778	720	16	2,170,965
19-Jul-16	757	671	30	4,129,537
18-Jul-16	715	664	41	6,038,015
15-Jul-16	687	651	10	1,515,801
14-Jul-16	667	650	9	1,389,448

Source: iNet Bridge

CORPORATE GOVERNANCE

Governance Structure

The graphic below illustrates a high level overview of the governance structure of the Group:



Key roles in corporate governance of the Group

Key roles in the corporate governance of the Group lie mainly in the responsibilities of three functionaries: the interim chairman, the chief executive officer ("CEO") and the Company secretary.

The Interim Chairman: Peter Nelson

The role of the chairman is set out in the terms of reference of the Board. The chairman's main duties are as follows:

- lead the Board, not the Company;
- safeguard the integrity of corporate governance processes and actions as determined collectively by the Board;
- serve as the link between the Board and management, particularly the CEO; and
- serve as the main link between the Board and Shareholders, and the public at large.

The CEO: Darryll Castle

The role of the CEO is determined by the Board, formalised in the Board charter and managed through his annual scorecard. The CEO leads the Company and the management team. He is responsible for the day-to-day operations of the Company and is its principal spokesperson.

The Company secretary: Jaco Snyman

The role of the Company secretary is largely determined in section 88 the Companies Act, 2008 (the "Act"). The Company secretary's main duties are as follows:

- guiding the Directors collectively and individually on their duties, responsibilities and powers;
- making Directors aware of any law relevant to or affecting the Company;
- reporting to the Board any failure by the Company or a director to comply with the memorandum of incorporation, rules of the Company or the Act;
- ensuring minutes of all Shareholders' meetings, Board meetings and the meetings of any committees of the Directors, or of the Company's Audit Committee, are properly recorded;
- certifying in the annual financial statements whether the Company has filed required returns and notices in terms of this Act, and whether all returns and notices appear to be true, correct and up to date; and
- ensuring a copy of the Company's annual financial statements is sent to every person who is entitled to it.

The Company secretary provides the Board as a whole and individual Directors with guidance on discharging their responsibilities. He is a central source of information and advice to the Board and the Company on matters of ethics and good governance. He also ensures the proceedings and affairs of the Board, its committees, the Company itself and, where appropriate, owners of securities in the Company are properly administered in accordance with pertinent laws. Details of his qualifications and experience appear in "16 Additional Information – 16.1 Information on the Directors and Senior Management of PPC – 16.1.2 Company secretary". The Board evaluates the Company secretary's performance as part of its annual Board evaluation.

The Company secretary is also responsible for compliance with the Rules and Listings Requirements of the JSE and the Zimbabwe Stock Exchange on which the Company's securities are listed and administers the statutory requirements of the Company and its subsidiaries in South Africa.

Board of Directors

As at the Last Practicable Date, the Company had a unitary Board with 12 members, 10 of whom are non-executive Directors, eight of which are independent as defined in King III and the Listings Requirements, and two of whom are executive Directors.

The Board is responsible for adopting strategic plans and setting objectives, appointing the CEO and, through the monitoring of operational performance, monitoring implementation of Board plans and strategies. The interim chairman of the Board since 29 March 2016 is Peter Nelson, after having previously been an independent non-executive Director for most of the period under review. As interim chairman, Mr Nelson is responsible for Board leadership and Board governance and is assisted by the Company secretary. Together, they are responsible for the Board's annual workplan and annually reviewing the performance of the Board against performance standards.

The Board is guided by a charter which is reviewed annually and reserves to itself the following functions:

- approving and monitoring the implementation of the strategic plan and the annual business plan, the setting of objectives and the review of key risks and performance areas, especially in respect of technology and systems, environmental issues and transformation;
- appointment of the chief executive officer and maintenance of a succession plan;
- the appointment of directors; and
- determination of overall policies and processes to ensure the integrity of the Company's management of risk and internal control.

The Board may delegate any of its powers to an executive or other committee (with or without the power to sub delegate), whether consisting of a member or members of their body or not, as they think fit, provided that:

- any committee so formed shall, in the exercise of the powers so delegated, conform to the terms of reference that may from time to time be prescribed by the Directors; and
- the meetings and proceedings of any committee consisting of two or more persons shall be governed by the provisions in regard to meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board.

While retaining overall accountability and subject to matters reserved to itself, the Board delegates to the CEO and other executive directors authority to run the day-to-day affairs of the Company.

Board meetings

The table below indicates the attendance of non-executive Directors as scheduled meetings from 1 October 2015 to 31 May 2016:

Board members	Board strategy session	Board	Annual general meeting	Audit	Investment
ZL Kganyago*	–	1/2	1		
T Moyo	1/1	3/3	1	4/4	
S Dakile – Hlongwane	1/1	2/2	1		
TDA Ross	1/1	3/3	1	4/4	4/4
BL Sibiya*	–	2/2	1		
MP Malungani*	–	2/2	1		1/1
B Modise	1/1	3/3	1	4/4	
SK Mhlarhi	1/1	3/3	1		4/4
N Goldin	1/1	3/3	1		4/4
T Leaf-Wright	1/1	3/3	1		4/4
T Mboweni	1/1	2/3	1		
C Naude	1/1	3/3	1		1/1
PG Nelson	1/1	3/3	1	4/4	1/1

Board members	Social, Ethics and Transformation	Nominations Committee	Remuneration Committee	Risk and Compliance	Attendance
ZL Kganyago*					2/3
T Moyo		2/2	1/1		12/12
S Dakile – Hlongwane	1/1				5/5
TDA Ross				2/2	15/15
BL Sibiya*		1/1	1/1		5/5
MP Malungani*	1/1				5/5
B Modise				2/2	11/11
SK Mhlarhi			3/3		12/12
N Goldin			3/3		12/12
T Leaf-Wright	2/2			2/2	13/13
T Mboweni	2/2	2/2			8/9
C Naude			3/3	2/2	11/11
PG Nelson		1/1	3/3		14/14

Note:

* Retired January 2016.

Demographics of the Board

The Nominations Committee annually evaluates whether the Board's size, diversity and demographics make it effective and independent.

At year-end, the Board comprised an independent non-executive chairman, two executives and 10 non-executive Directors. At its meeting in May 2016, the Nominations Committee evaluated the independence of non-executive Directors and concluded that the following directors are independent as defined in King III and the Listings Requirements: Timothy Dacre Aird Ross, Bridgette Modise, Todd Moyo, Nicky Goldin, Timothy Leaf-Wright, Tito Mboweni, Charles Naude and Peter Gill Nelson. During the period under review, the balance on the Board between executive and non-executive Directors moved further in favour of the non-executive Directors by the appointment of additional non-executives whilst the number of executives remained at two.

The Nominations Committee discusses and agrees annual objectives for achieving gender diversity on the Board and recommends them to the Board for adoption. At the date of adoption of this Policy Statement, the Board's aim was to ensure that at least 30% of the Board was made up of women and to exceed 35% by the end of 2018. The Board has adopted a target of 30% female members for the 2016 calendar year.

As of July 2016, four of the 12 members of the Board were women, as was the chairperson of the Risk and Compliance Committee.

The Nominations Committee also monitors racial and age diversity. As of July 2016, 50% of Directors were black, and the average age of the directors was 56 years.

Board Tenure and Appointment and Re-election of Directors

The average tenure on the Board is 2.79 years. Directors are appointed through a formal process and the Nominations Committee assists in identifying suitable candidates to be proposed to Shareholders. The primary objective of this policy is to provide a transparent framework and set standards for the selection and appointment of high-calibre executive Directors and non-executive Directors with the capacity and ability to lead the Company towards sustainable value creation and long-term growth. The Nominations Committee oversees this policy.

A formal induction programme is in place for new directors, and directors with less experience are developed through training programmes. For continuing development, PPC encourages directors to attend the professional development programmes of the Institute of Directors in Southern Africa.

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

Annual Board Evaluation

King III requires annual Board performance evaluations by the chairman or an independent service provider and that the results of these evaluations should identify training needs for directors. This year, the nominations committee appointed the Company secretary to conduct the annual evaluation and the following evaluations were conducted:

- Board effectiveness: includes, *inter alia*, strategy formulation, independence, open debate and relationship with management;
- Board structure: includes, *inter alia*, composition and balance of the Board;
- Board chairman: includes, *inter alia*, leadership abilities, ethical tone, Director performance and CEO engagement;
- Board committees: includes, *inter alia*, evaluation of the execution of each committee's terms of reference and effectiveness in reporting to the Board;
- Company secretary: includes, *inter alia*, evaluation of the Company secretary's independence, support and guidance abilities, meeting management skills and creating of Board minutes; and
- Board processes: includes, *inter alia*, review of Board papers, agendas and committee structure.

The key findings in 2016 indicated a notable improvement in the relationship between the Board and management as compared to 2015. The following can be noted:

- Information flow: All but one member of the Board confirmed that the reports and presentations to the Board are appropriate. It was further confirmed that management are keeping the Board abreast of internal and external issues and trends affecting group performance.
- Strategic planning: The Board is satisfied that it is adequately and effectively involved in determination of the long-term strategy of the Group.
- Relationships: The members are of the view that the chairman acts as an effective link between the Board and management and particularly the Board and the CEO.

The overall performance of the Board also showed a very notable improvement.

Strategic planning

As a key performance area of the Board, Group strategy is mapped by the Board in consultation with the Group's Executive Committee. The Board appreciates the fact that strategy, risk, performance and sustainability are inseparable and annually reviews the strategy.

Internal control

Reporting in the Group is structured so that key issues are escalated through the management team and ultimately to the Board, if appropriate.

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

Delegation

The Board delegates certain functions to committees and management, but without abdicating its own responsibilities. Delegation is formal and involves:

- approved and documented terms of reference for each committee of the Board;
- terms of reference are reviewed once a year;
- the committees are appropriately constituted with due regard to the skills required; and
- the Board has a framework for delegating authority to management.

Board Committees

The Board has six standing committees through which it operates. They are:

- Nominations Committee;
- Audit Committee;
- Risk and Compliance Committee;
- Social Ethics and Transformation;
- Remuneration Committee; and
- Investment Committee.

Committees play an important role in enhancing good corporate governance, improving internal controls and thus the sustainable performance of the Company. The chairperson of every committee is an independent non-executive Director. In the interest of free information flow and good oversight, full or summary minutes of all committee meetings are included in document packs for Board meetings. In addition, each chairperson is required to present an annual report on the activities of that committee at the Board's meeting in November. Based on these reports and the minutes of the committees, their performance and conformance to terms of reference are annually evaluated by the Board.

At its meeting on 13 June 2016, the Board concluded that all committees had executed their responsibilities within the scope of their respective terms of reference in the review period.

Nominations Committee

The current members of the Nominations Committee are the chairman, Peter Gill Nelson (independent), Todd Moyo (independent) and Tito Mboweni (independent).

Mr Ross (lead independent director) stepped down as chairman and member of the committee after Mr Castle was appointed as CEO in January 2015 and Mr Sibiya resumed as chairman until his retirement in January 2015. Mr Nelson was appointed as the chairman following his appointment as the interim chairman.

The committee may obtain, at PPC's expense, independent professional advice on any matters covered by its terms of reference.

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

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

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

- Ensuring the establishment of a formal process for appointing directors, including:
  - identifying suitable members for the Board;
  - performing reference and background checks of candidates prior to nomination;
  - formalising the appointment of directors through an agreement between the Company and the director;
- Overseeing the development of a formal induction programme for new directors;
- Ensuring inexperienced directors are developed through a mentorship programme;

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

The committee reported on its activities for the review period at the Board meeting in May 2016. At this meeting, the Board confirmed that the committee has complied with its terms of reference.

Audit Committee

The current members of the audit committee are the chairman, Timothy Dacre Aird Ross (independent), and Bridgette Modise (independent) and Todd Moyo (independent).

Peter Gill Nelson (independent) resigned from the audit committee following his appointment as interim chairman of the Board.

All members are independent, as required by King III and the Act. The committee may obtain, at PPC's expense, independent professional advice on any matters covered by its terms of reference.

Mr Ross has chaired the committee since 2009. He was a partner with Deloitte for 36 years and retired in May 2008 and is a member of the South African Institute of Chartered Accountants.

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

The Audit Committee has adopted formal terms of reference that have been approved by the Board of directors, and has executed its duties in the past financial year in line with these terms of reference. Among others, the committee's terms of reference include the following responsibilities:

Financial statements

The Audit Committee reviews the annual financial statements, interim and preliminary announcements, accompanying reports to Shareholders and any other announcements on the Company's results or other financial information to be made public, prior to submission and approval by the Board.

Integrated reporting

The Audit Committee oversees integrated reporting, particularly:

- all factors and risks that may affect the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
- reviews the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- comments in the annual financial statements on the financial statements, accounting practices and effectiveness of internal financial controls;
- reviews disclosure of sustainability issues in the integrated report to ensure this is reliable and does not conflict with the financial information;
- recommends to the Board whether or not to engage an external assurance provider on material sustainability issues;

- reviews the content of summarised information for whether it provides a balanced view;
- engages the external auditors to provide assurance on summarised financial information;
- prepares a report for inclusion in the integrated report and annual financial statements for the financial period:
  - describing how the Audit Committee carried out its functions;
  - stating whether the committee is satisfied that the auditor was independent of the Company;
  - commenting in any way it considers appropriate on the financial statements, accounting practices and the internal financial control of the Company; and
- recommends the integrated report for approval by the Board.

Internal audit

The Audit Committee is responsible for overseeing the internal audit function, in particular:

- the appointment, performance assessment and/or dismissal of the chief audit executive;
- reviewing the internal audit charter;
- the appointment, performance assessment and/or dismissal of any outsourced/Company's internal audit service provider;
- approving the internal audit plan and any significant changes and satisfying itself that this plan will effectively address critical risk areas of the business;
- ensuring the internal audit function is subject to an independent quality review, as the committee determines it appropriate; and
- reviewing internal audit's compliance with its charter as approved by the Audit Committee and considering whether the internal audit function has the necessary resources, budget and standing in PPC to enable it to discharge its functions.

Risk management

The Audit Committee is an integral component of the risk management process. Specifically, the committee must oversee:

- financial risk;
- financial reporting risks;
- internal financial controls;
- fraud risks as these relate to financial reporting; and
- IT governance and risks as these relate to financial reporting.

External audit

The committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process. In this regard, the committee must:

- nominate an independent external auditor for appointment by Shareholders;
- determine the fees to be paid and terms of engagement of the auditor;
- ensure the appointment of the auditor complies with the Act and other relevant legislation;
- monitor and report on the independence of the external auditor in the annual financial statements;
- define a policy for non-audit services provided by the external auditor;
- pre-approve contracts for non-audit services to be rendered by the external auditor;
- ensure there is a process for the committee to be informed of any reportable irregularities (as identified in the Auditing Profession Act 2005) identified and reported by the external auditor; and
- review the quality and effectiveness of the external audit process.

Financial director

The Audit Committee must annually consider and satisfy itself of the appropriateness of the expertise and experience of the financial director and must confirm this to Shareholders in its annual report.

Financial function

The committee reviews the expertise, resources and experience of the Company's finance function, and disclose the results in the integrated report and discloses the results to the Shareholders.

Internal controls

The chief audit executive has completed a report to the Board on governance, risk management and internal control systems, which was tabled at the Board meeting in June 2016. In this report he concluded that in all material respects, reasonable assurance can be placed on the adequacy and effectiveness of the control environment. He further stated that, other than certain weaknesses relating to PPC Barnet, nothing has come to the attention of the Group internal audit to indicate that any significant breakdown in the functioning of controls, resulting in material loss to the Group and the Company, has occurred during the year and up to the date of this report. These weaknesses were around the validity and recoverability of VAT, import tax issues, high cash handling and delays in bulk power supply.

IT governance

In recent years, PPC has made appropriate investments to ensure its information technology ("IT") systems and governance processes comply with the recommendations of King III. This is detailed in the King III application table on the Group's website. Specific developments during the period included:

- the IT charter, framework and policy documents were reviewed and approved by the Audit Committee, and implemented;
- the IT strategy was approved by the Board and is aligned to the business strategy and objectives by focusing on robust infrastructure, an enabling platform and solid governance processes;
- appointing a chief information officer, responsible for managing IT; and
- initiation of an information security management system to ensure the integrity, confidentiality and availability of information.

The Audit Committee reported on its activities for the review period at the Board meeting in June 2016.

Risk and Compliance Committee

The current members of the Risk and Compliance Committee are the chairman, Bridgette Modise (independent), and Timothy Dacre Aird Ross (independent), Darryll John Castle (executive), Timothy Leaf-Wright (independent) and Charles Naude (independent).

Mr Castle, the CEO, was appointed as an executive director to the committee to align membership of the committee with the best practice recommendations of King III. All other members of the committee are non-executive Directors. The committee may obtain, at PPC's expense, independent professional advice on any matters covered by its terms of reference.

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

The committee has its own terms of reference approved by the Board, to assist its members to understand their roles and enable them to add value in discharging their duties. The committee's terms of reference are reviewed annually. Among other issues, the committee's terms of reference include responsibility to:

- oversee the development and annual review of a policy and plan for risk management to recommend for approval to the Board;
- monitor implementation of the policy and plan for risk management taking place by means of risk management systems and processes;
- make recommendations to the Board on the levels of risk tolerance and appetite, and monitor that risks are managed within these levels as approved by the Board;
- approve the Company's compliance policy and oversee that the policy is disseminated through the Company;
- oversee that the risk management plan is disseminated throughout the Company and integrated in its day-to-day activities;
- ensure risk assessments are performed continuously;

- ensure compliance management assessments are continuously performed;
- ensure frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- ensure management considers and implements appropriate risk responses;
- ensure continuous risk monitoring by management takes place;
- liaise closely with the Audit Committee and other Board committees to exchange information relevant to risk;
- express a formal opinion to the Board on the effectiveness of the system and process of risk management; and
- review reporting on risk management and compliance in the integrated report in terms of being timely, comprehensive and relevant.

The committee reported on its activities for the review period at the Board meeting in June 2016. At this meeting, the Board confirmed that the committee has complied with its terms of reference.

Social, Ethics and Transformation

The Social, Ethics and Transformation Committee consists of the chairman, Tito Mboweni (independent), Timothy Leaf-Wright (independent) and Salukazi Dakile-Hlonqwane (non-executive).

During the period, Ms Dakile Hlongwane was appointed as a new member of the committee. All members of the committee are non-executive directors.

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

In line with its terms of reference, the committee's objectives are to assist the Board in monitoring PPC's activities – against relevant legislation, other legal requirements or prevailing codes of best practice – on matters relating to:

- social and economic development;
- corporate citizenship;
- transformation;
- the environment;
- health and public safety;
- stakeholder relationships; and
- labour and employment.

The committee reported on its activities for the review period at the Board meeting in May 2016. At this meeting, the Board confirmed that the committee has complied with its terms of reference.

Remuneration Committee

The Remuneration Committee consists of chairman, Todd Moyo (independent), Peter Gill Nelson (independent), Sydney Knox Mhlarhi (non-executive), Nicky Goldin (independent) and Charles Naude (independent).

During the period, following Mr Peter Gill Nelson's appointment as interim chairman of the Board, Mr Todd Moyo was appointed as chairman of this committee. All members are non-executive Directors. PwC, appointed by the committee, acted as independent remuneration advisers to the committee and provided detailed information on market trends and the competitive positioning of remuneration.

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

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

- overseeing the establishment of a remuneration policy that will promote achieving strategic objectives and encourage individual performance;
- ensuring the remuneration policy is put to a non-binding advisory vote at the general meeting of Shareholders once every year;
- reviewing the outcomes of implementing the remuneration policy against set objectives;
- ensuring the mix of fixed and variable pay, in cash, shares and other elements, meets the Company's needs and strategic objectives;
- satisfying itself on the accuracy of recorded performance measures that govern the vesting of incentives;
- ensuring all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- considering the results of the performance evaluation of the CEO and other executive directors, both as directors and as executives in determining remuneration;
- selecting an appropriate comparative Group when comparing remuneration levels;
- regularly reviewing incentive and retention schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules;
- considering the appropriateness of early vesting of share-based schemes at the end of employment;
- advising on the remuneration of non-executive directors; and
- overseeing the preparation of the remuneration report and recommending to the Board this be included in the integrated report.

The remuneration policy of the Company is annually presented to Shareholders to pass a non-binding advisory vote to indicate support for this policy.

The committee reviews Group remuneration policies to ensure these are aligned with the Company's strategy and linked to individual performance.

The committee reported on its activities for the review period at the Board meeting in May 2016. At this meeting, the Board confirmed that the committee has complied with its terms of reference.

Investment Committee

The Investment Committee consists of chairman, Charles Naude (independent), Timothy Leaf-Wright (independent), Sydney Know Mhlarhi (non-executive), Timothy Dacre Aird Ross (independent) and Nicky Goldin (independent).

Charles Naude was appointed as chairman of this committee during the period, replacing Peter Malungani who retired from the Board.

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

Strategic investments (to enhance long-term sustainable income)

- consideration of prospective acquisitions in respect of its ability to enhance long-term sustainable income of the Group;
- evaluation of the merits of investment proposals within strategic guidelines, potential financial returns and risk of the evaluation/monitoring of the performance of strategic investments included in the strategic investment portfolio, relative to original business plan; and
- approval of proposed divestments from identified investments and the terms of the divestment transactions.

Strategic alliances (to position PPC strategically for future markets/benefits)

- consideration of prospective strategic alliances;
- evaluation of the merits of alliance proposals to consider the benefits that could derive from the proposed positioning relative to the imposed risks (especially reputation risk);
- evaluation/monitoring of the performance of strategic alliances relative to original objectives; and
- approval to exit from strategic alliances as well as the associated conditions for divestment.

Operational investments (business unit growth objectives)

- approval of investment decisions "above threshold" levels;
- consideration and evaluation of the merits of investment proposals, the impact of the proposal on the operational strategy and the likelihood of achieving the targeted return in terms of that particular investment;
- the monitoring of the performance of the Group relative to the investment objectives of management; and
- approval of proposed divestments in assets in the operational portfolio, the terms of the divestment transactions to be considered and the exit strategies.

Other initiatives (improve efficiencies in a cost-effective way)

- Approval of initiatives with a total cost "above threshold". Total cost will include all cost elements and should be calculated over the total project lifespan);
- Consideration of the strategic impact in respect of proposed initiative; and
- Evaluation of the financial merits in initiative business cases.

Conflicts of Interest and Share Dealings

Conflicts of interest

The Board has adopted a policy on Director's interests based on two principles:

- Members of the Board must not participate, or be perceived as participating, in any decision-making on any matter which may directly or indirectly benefit that director, or a related person.
- Members of the Board should not use, or be perceived as using, their status as directors to gain privileged access to officers or information of the Company for their direct or indirect benefit.

Before any meeting of the Board, an agenda will be circulated to each Director, with agenda items described in sufficient detail to allow members of the Board to identify possible conflicts of interest.

A member of the Board with a conflict of interest will declare the same to the Chair of the meeting before the matter is considered at the meeting. The disclosure will explain:

- the fact that a conflict of interest may exist;
- any material information relating to the matter; and
- the nature and amount of the potential direct or indirect benefit to him/her or the related person.

The disclosure may also disclose any observations or pertinent insights relating to the matter if requested to do so by the other directors.

The particulars of any such disclosure are noted in the minutes of the meeting.

Share Dealings

The Board has also adopted a share dealing policy which states that:

"No director, executive, employee, or their associates may deal either directly or indirectly, at any time, in the securities of the company on the basis of unpublished price-sensitive information regarding the company's business or affairs. No dealing is permitted during "closed" periods. Director's dealing in the securities of the company at any other time is permitted but a written request to deal must be submitted to the Company Secretary and written confirmation to trade must be obtained in advance of any transaction from the Chief Executive Officer or the Chairman of the Board. Should the Chief Executive Officer wish to deal, prior written clearance must be obtained from the Chairman of the Board."

The share dealing policy is applicable to:

- the executives of the Company;
- the executive and non-executive Directors and Company secretary;
- the executive and non-executive Directors and company secretaries of the major subsidiaries of the Company; and
- any associate of the above.

Detailed Group directorate

A brief summary of the CVs of each of the Directors is included at pages 144 to 150 of this Circular.

PRINTED BY INCE (PTY) LTD

REF. JOB011246

FORM OF INSTRUCTION IN RESPECT OF A RENOUNCEABLE LETTER OF ALLOCATION
This document is important and requires your immediate attention if you hold your PPC Shares in certificated format.

The definitions and interpretations commencing on page 168 of the circular apply, *mutatis mutandis*, to this form of instruction in relation to a letter of allocation, including this cover page.

Dematerialised shareholders must contact their CSDP or Broker to ascertain the procedure to be followed regarding this Rights Offer.

This form of instruction in respect of a renounceable (nil paid) Letter of Allocation is negotiable and may be traded on the JSE or the ZSE (as applicable). If you are in any doubt as to what action to take in connection with this form of instruction, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately. This form of instruction must be read in its entirety, together with the rights offer circular to shareholders dated Thursday, 1 September 2016 which accompanies this form of instruction (the "Circular"). Words and expressions defined in the Circular shall have the same meanings in this form of instruction unless the context indicates otherwise.

PPC has issued all Letters of Allocation in dematerialised form and the electronic record for certificated shareholders is being maintained by its Transfer Secretaries. This has made it possible for certificated shareholders, to enjoy the same rights and opportunities with respect to the forms of instruction as dematerialised shareholders. You should only complete this form of instruction and return it to the Transfer Secretaries at the relevant addresses overleaf if you (i) are not a Restricted Shareholder holding certificated shares and (ii) wish to dispose of or take up all or part of your rights in terms hereof.

A Brief summary of the Applicable Exchange Control Regulations is set out in paragraph 7 contained in this form of instruction.

Each amendment to this form of instruction must be signed in full and must not be initialled.

EXCHANGE CONTROL REGULATIONS ENDORSEMENT
(see page 3 paragraph 7)

PPC Ltd [LR 7.A.1]

(Incorporated in the Republic of South Africa)
Registration number 1892/000667/06
JSE share code: PPC
ZSE alpha code: PPC
ISIN: ZAE000170049
("**PPC**" or the "**Company**")

Directors

Peter Gill Nelson (Chairman)
Timothy Leaf-Wright
Sydney Knox Mhlarhi
Todd Moyo
Salukazi Dakile-Hlongwane
Darryll John Castle (Chief Executive Officer)
Nicky Goldin
Tito Mboweni
Bridgette Modise
Charles Naude
Timothy Dacre Aird Ross
Mmakeaya Magoro Tryphosa Ramano (Chief Financial Officer)

A renounceable rights offer by PPC of 1,000,000,000 new PPC Ordinary Shares to PPC shareholders that are recorded in the register at the close of business on Friday, 2 September 2016 (the "Record Date"), at a subscription price of ZAR4.00 per rights offer share and in the ratio of 160.06486 Rights Offer shares for every 100 PPC Ordinary Shares held on the Record Date.

FORM OF INSTRUCTION – issued to certificated shareholders only (to be completed by only those certificated shareholders that are not Restricted Shareholders)

So as to be received by no later than 12:00 (SAST) on (a) Tuesday, 13 September 2016, if you wish to sell your Rights, or (b) Friday, 16 September 2016, if you wish to subscribe for Rights Offer Shares or renounce your Rights.

Name and address of shareholder	**Reference number**
(1)	Enquiries in connection with this form of instruction should be addressed to the relevant Transfer Secretary quoting this reference number.

Account Number	Number of PPC Ordinary Shares deemed to be held at the close of business on Friday, 2 September 2016	Number of Rights Offer Shares that can be taken up in terms of paragraph 2 on page 2 based on your holding as at the Record Date	Amount payable at ZAR4.00 per Rights Offer Share
	(2)	(3)	(4)

Acceptance of Rights Offer Shares	Number of Rights Offer Shares accepted	Amount due at ZAR4.00 per Rights Offer Share
(To be completed by acceptors of the Rights Offer, if applicable)	(5)	**ZAR** (6)

Application for additional Rights Offer Shares	Number of additional Rights Offer Shares for which the application is made	Amount due at ZAR4.00 per Rights Offer Share
(To be completed by acceptors wishing to apply for additional Rights Offer Shares)	(7)	**ZAR** (8)

Please note that the same or a lesser number of Rights Offer Shares as the number mentioned in Block (3) above may be accepted	**Amount of cheque/banker's draft**
	ZAR (9)

THIS FORM OF INSTRUCTION MUST BE COMPLETED IN ITS ENTIRETY AND RETURNED TO THE TRANSFER SECRETARIES:

In relation to South African Qualifying Shareholders:	**PPC rights offer** Computershare Investor Services (Pty) Limited Ground Floor, 70 Marshall Street Johannesburg 2001 South Africa (PO Box 61763, Marshalltown, 2107) Telephone: 086 1100 634 or 011 870 8216 (in SA) Fax: +27 11 688 5210 Email: corporate.events@computershare.co.za	**In relation to Zimbabwean Qualifying Shareholders:**	**PPC rights offer** Corpserve Transfer Securities (Pvt) Ltd 2nd Floor, ZB Centre, Corner First Street and Kwame Nkurumah Avenue Harare, Zimbabwe (PO Box 2208, Harare, Zimbabwe) Fax: +263 4 758193

So as to be received by no later than 12:00 (SAST) on (a) Tuesday, 13 September 2016, if you wish to sell your Rights, or (b) Friday, 16 September 2016, if you wish to subscribe for Rights Offer Shares or renounce your Rights.

Finalisation announcement released on SENS	Wednesday, 24 August 2016
Last day to trade in PPC Ordinary Shares on the ZSE in order to participate in the Rights Offer (cum Rights)	Friday, 26 August 2016
PPC Ordinary Shares commence trading on the ZSE ex-Rights at 09:00 (SAST) on	Monday, 29 August 2016
Listing of and trading in the Letters of Allocation on the exchange operated by the ZSE commences at 09:00 (SAST) on	Monday, 29 August 2016
Last day to trade in PPC Ordinary Shares on the JSE in order to participate in the Rights Offer (cum Rights)	Tuesday , 30 August 2016
PPC Ordinary Shares commence trading on the JSE ex-Rights at 09:00 (SAST) on	Wednesday, 31 August 2016
Listing of and trading in the Letters of Allocation on the exchange operated by the JSE commences at 09:00 (SAST) on	Wednesday, 31 August 2016
Rights Offer Circular and Form of Instruction posted to Qualifying Certificated Shareholders	Thursday,1 September 2016
Record Date for the Rights Offer	Friday, 2 September 2016
Rights Offer opens at 09:00 (SAST) on	Monday, 5 September 2016
Letters of Allocation credited to an electronic account held at the Transfer Secretaries in respect of Qualifying Certificated Shareholders	Monday, 5 September 2016
CSDP or Broker accounts credited with Rights in respect of Qualifying Dematerialised Shareholders	Monday, 5 September 2016
Rights Offer Circular posted to Qualifying Dematerialised Shareholders	Tuesday, 6 September 2016
Last day for trading Letters of Allocation on the exchanges operated by the JSE and the ZSE	Tuesday, 13 September 2016
Listing of Rights Offer Shares and trading therein on the exchanges operated by the JSE and ZSE commences at 09:00 (SAST) on	Wednesday, 14 September 2016
Payment to be made and Form of Instruction to be lodged with the Transfer Secretaries by Qualifying Certificated Shareholders by12:00 (SAST) on	Friday, 16 September 2016
Rights Offer closes at 12:00 (SAST) on	Friday, 16 September 2016
Record Date for the Letters of Allocation	Friday, 16 September 2016
Rights Offer Shares issued on or about	Monday, 19 September 2016
CSDP or Broker accounts of Qualifying Dematerialised Shareholders credited/debited and updated with Rights Offer Shares	Monday, 19 September 2016
Share certificates posted to Qualifying Certificated Shareholders by registered post on or about	Monday, 19 September 2016
Results of the Rights Offer and basis of allocation of excess Rights Offer Shares announced on SENS	Monday, 19 September 2016
Results of the Rights Offer and basis of allocation of excess Rights Offer Shares published in the South African press	Tuesday, 20 September 2016
Rights Offer Shares in respect of successful excess applications(if applicable) issued on or about	Wednesday, 21 September 2016
CSDP or Broker accounts of Qualifying Dematerialised Shareholders credited/debited and updated with Rights Offer Shares in respect of successful excess applications (if applicable)	Wednesday, 21 September 2016
Share certificates in respect of successful excess applications (if applicable) posted to Qualifying Certificated Shareholders by registered post on or about	Wednesday, 21 September 2016
Refund cheques posted to Qualifying Certificated Shareholders in respect of unsuccessful excess applications (if applicable) on or about	Wednesday, 21 September 2016

Notes:

(1) Share certificates in respect of PPC Ordinary Shares may not be dematerialised or rematerialised (a) in the case of PPC Ordinary Shares listed on the JSE, between 31 August 2016 and 2 September 2016, both days inclusive and (b) in the case of PPC Ordinary Shares listed on the ZSE, between 29 August 2016 and 2 September 2016, both days inclusive.

(2) CSDPs effect payment on a delivery versus payment basis in respect of Dematerialised Shares.

(3) Qualifying Dematerialised Shareholders are required to inform their CSDP or Brokers of their instructions in terms of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the Qualifying Dematerialised Shareholder and their CSDP or Broker. Qualifying Dematerialised Shareholders are advised to contact their CSDP or Broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.

Dear certificated shareholder

1. **RIGHTS OFFER**

PPC Ordinary Shareholders, recorded in the register at the Record Date, and/or their renouncees are offered, on the terms and conditions set out in the Circular, 1,000,000,000 Rights Offer Shares at a subscription price of ZAR4.00 per Rights Offer Share and in the ratio of 160.06486 Rights Offer Shares for every 100 PPC Ordinary Shares held on the Record Date. The subscription price of the Rights Offer Shares is at a discount of 55.5% to PPC's closing price of R8.99 on 19 August 2016, and at a discount of 32.4% of the theoretical ex-rights price of R5.92 of a PPC ordinary share on the same day.

2. **Allocation**

The Rights Offer Shares stated in **Block (3)** on page 1 have been provisionally allocated for subscription at a price of ZAR4.00 per Rights Offer Share to the PPC Shareholder whose name is stated in **Block (1)** on page 1.

3. **Acceptance and payment**

3.1 If you are a certificated shareholder and wish to accept the rights offer you must complete **Blocks (5), (6)** and **(9)** on page 1.

3.2 If you are the person(s) in whose name(s) this allocation was issued and wish to acquire all the Rights Offer Shares allocated to you, complete the applicable blocks as stated above. **Forms B** and **C** of this form of instruction need not be completed.

3.3 If you are the person(s) in whose favour this allocation has been renounced and you wish to acquire the Rights Offer Shares, complete the applicable blocks as stated above as well as **Form C** of this form of instruction.

3.4 If you wish to acquire the Rights Offer Shares, a properly completed form of instruction, together with a cheque (crossed "not transferable" and with the words "or bearer" deleted) or banker's draft (drawn on a registered bank in South Africa or Zimbabwe, as applicable) made payable to "**PPC rights offer**" for the amount due in the currency of South Africa, must be lodged with the Transfer Secretaries at the address referred to above, so as to be received by not later than 12:00 (SAST) on Friday, 16 September 2016. Where possible, you are advised to deliver your completed form of instruction together with your cheque or banker's draft by hand or by courier, with each such cheque or banker's draft to be deposited immediately for collection.

3.5 Such payment, when the cheque or banker's draft has been received, will constitute acceptance of the Rights Offer upon the terms and conditions set out in the circular and in this form of instruction, subject to the MOI.

3.6 No acknowledgement of receipt will be given for a cheque or banker's draft received in accordance with the Rights Offer.

3.7 If this form of instruction and the cheque or banker's draft is not received as set out above, then the Rights Offer entitlement will be deemed to have been declined by you or your renouncee, and the right to subscribe for the Rights Offer Shares offered to you or renounced in favour of your renouncee will be deemed not to have been accepted and will lapse, no matter who then holds it.

3.8 The rounded number of Rights Offer Shares to which Qualifying Shareholders will become entitled will be determined by the Ratio of Entitlement.

5. **Renunciation or sale of rights offer entitlement**

5.1 **Renunciation**

If you are a certificated shareholder and you do not wish to acquire the Rights Offer Shares allocated to you in terms of the Rights Offer you may renounce your rights by signing **Form B**, and the renouncee who wishes to acquire the Rights Offer Shares in terms of the Rights Offer must complete **Form C**, lodge this form of instruction together with payment, in terms of paragraph 3.4 above, with the relevant Transfer Secretaries at the addresses referred to above, for the number of the Rights Offer Shares in respect of which the Rights Offer is accepted.

The lodging of this form of instruction, with **Form B** purporting to be signed by the shareholder whose name appears thereon, will be taken to be conclusive evidence of the right of the holder:

- to deal with this form of instruction; or
- to have the Rights Offer Shares in question allotted and to receive a certificate for those Rights Offer Shares.

Therefore, PPC will not be obliged to investigate whether **Forms B** and **C** have been properly signed or completed or to investigate any fact surrounding the signing or lodging of either form, and PPC does not accept any responsibility and will not be held liable, under any applicable law or regulation, for any loss or damage whatsoever in relation to or arising out of any irregularities in connection with the completion, signing and/or lodging of either form.

5.2 **Sale**

If you are a certificated shareholder and wish to sell all or part of your entitlement, you must complete **Form A** in the attached form of instruction and return it to the Transfer Secretaries to be received by no later than 12:00 (SAST) on Tuesday, 13 September 2016. Note that the Transfer Secretaries will endeavour to procure the sale of rights on the JSE and the ZSE (as applicable) on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither of the Transfer Secretaries will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such Rights Offer entitlements.

6. **EXCESS APPLICATIONS**

6.1 PPC Shareholders will have the right to apply for Rights Offer Shares in excess of their Rights Offer entitlements.

6.2 Applications for additional Rights Offer Shares by certificated shareholders may only be made by completing **Blocks (7), (8)** and **(9)** on page 1.

6.3 Excess applications will be dealt with in the manner as set out in paragraph 7.3.8 of the Circular.

7. **EXCHANGE CONTROL REGULATIONS**

The following summary is intended only as a guide and is, therefore, not comprehensive. If certificated shareholders are in any doubt as to the appropriate course of action they are advised to consult their professional advisor.

7.1 In terms of the Exchange Control Regulations and upon specific approval of the South African Reserve Bank, non-residents, excluding former residents, of the Common Monetary Area will be allowed to:

- take up rights allocated to them in terms of the Rights Offer,
- purchase Letters of Allocation on the JSE; and
- subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE, provided payment is received either through normal banking channels from abroad or from a non-resident account; and
- purchase additional Rights Offer Shares which have been applied for in terms of the Rights Offer, provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents for the above purposes must be made through an authorised dealer in foreign exchange. Electronic statements issued in terms of Strate and any share certificates issued pursuant to such applications will be endorsed "**non-resident**".

7.2 Where a right in terms of the Rights Offer becomes due to a former resident of the Common Monetary Area, which right is based on shares blocked in terms of the Exchange Control Regulations, then only emigrant blocked funds may be used to:

- take up the rights allocated to them in terms of the Rights Offer,
- purchase Letters of Allocation on the JSE;
- subscribe for the Rights Offer Shares arising in respect of the Letters of Allocation purchased on the JSE; and
- purchase additional Rights Offer Shares which have been applied for in terms of the Rights Offer.

All applications by emigrants using blocked funds for the above purposes must be made through the authorised dealer in South Africa controlling their blocked assets. Share certificates issued to such emigrants will be endorsed "**non-resident**" and placed under the control of the authorised dealer in foreign exchange through whom the payment was made. The proceeds due to the emigrants from the sale of the Letters of Allocation, if applicable, will be returned to the authorised dealer in foreign exchange for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any share certificates issued pursuant to blocked Rand transactions will be endorsed "**non-resident**" and placed under the control of the authorised dealer through whom the payment was made. The proceeds arising from the sale of Letters of Allocation or arising from the sale of blocked shares will be credited to the blocked accounts of the emigrants concerned.

7.3 Any certificated shareholder resident outside the Common Monetary Area who receives this Circular and form of instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such form of instruction.

7.4 New share certificates issued pursuant to the Rights Offer to an emigrant will be endorsed "**non-resident**" and forwarded to the address of the relevant authorised dealer controlling such emigrant's blocked assets for control in terms of the Exchange Control Regulations. Where the emigrant's shares are in dematerialised form with a CSDP or broker, the electronic statement issued in terms of Strate will be dispatched by the CSDP or broker to the address of the emigrant in the records of the CSDP or broker.

The Rights Offer does not constitute an offer in any Restricted Territory in which it is unlawful to make such an offer and in such circumstances the Circular and form of instruction is sent for information purposes only, and should not be forwarded or transmitted by you to any person in any territory other than where it is lawful to make such an offer. PPC Shareholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the rights offer, or trade their rights offer entitlement/Letters of Allocation. PPC Shareholders holding PPC Ordinary Shares on behalf of persons who are certificated shareholders are responsible for ensuring that taking up the Rights Offer, or trading in their entitlements under that offer, do not breach regulations in the relevant overseas jurisdictions.

8. **JSE AND ZSE LISTINGS**

The JSE has granted the listing for:

Letters of Allocation in respect of 1,000,000,000 Rights Offer Shares with effect from the commencement of trading on Wednesday, 31 August 2016 to the close of trade on Tuesday, 13 September 2016, both days inclusive; and 1,000,000,000 Rights Offer Shares with effect from the commencement of trade on Wednesday, 14 September 2016.

The ZSE has granted the listing for:

Letters of Allocation in respect of 1,000,000,000 Rights Offer Shares with effect from the commencement of trading on Monday, 29 August 2016 to the close of trade on Tuesday, 13 September 2016, both days inclusive; and 1,000,000,000 Rights Offer Shares with effect from the commencement of trade on Wednesday, 14 September 2016.

9. **DOCUMENTS OF TITLE**

New share certificates to be issued to certificated shareholders (or their renouncees) in respect of those Rights Offer Shares to which they were entitled and for which they have subscribed, will be posted to persons entitled thereto, by registered post in South Africa or Zimbabwe (as applicable), at the risk of the shareholders/renouncees concerned, on or about Wednesday, 21 September 2016.

Certificated shareholders recorded on the register receiving new certificated shares must note they will not be able to trade their shares on the JSE or the ZSE (as applicable) until such PPC Shares have been dematerialised, which could take between one to ten business days, depending on volumes being processed.

Dematerialised shareholders will have their safe custody accounts updated at their CSDP or broker in respect of the rights offer entitlement issued to them on Wednesday, 21 September 2016.

CSDPs will effect payment on a delivery against payment method in respect of dematerialised shareholders.

10. **REFUNDS**

Cheques refunding monies in respect of unsuccessful applications by certificated shareholders for additional Rights Offer Shares will be posted to the relevant applicants, at their own risk, on or about Wednesday, 21 September 2016.

11. **COMMITMENT BY THE UNDERWRITERS**

The Rights Offer has been fully underwritten by Standard Bank, Absa Bank, Nedbank and RMB. Further information relating to the underwriting is disclosed in Part 15 of the Circular.

By order of the Board

PPC Ltd
Chief Executive Officer
Johannesburg
1 September 2016

Registered office

148 Katherine Street
Sandton, Johannesburg
2196
(PO Box 787416, Sandton, 2146)

South African Transfer Secretaries

Computershare Investor Services (Proprietary) Limited
(Registration Number 2004/003647/07)
70 Marshall Street
Johannesburg
2001
(PO Box 61763, Marshalltown, 2107)

Zimbabwean Transfer Secretaries

Corpserve Transfer Securities (Pvt) Ltd
2nd Floor, ZB Centre, Corner First Street and Kwame Nkurumah Avenue
Harare, Zimbabwe
(PO Box 2208, Harare, Zimbabwe)
Fax: +263 4 758193

GENERAL INSTRUCTIONS AND CONDITIONS

(a) **Married persons:** South African Married persons wishing to exercise their rights must comply with the provisions of the Matrimonial Property Act (Act No. 88 of 1984), and proof of such person's capacity to exercise such rights may be required by the South African transfer secretaries.

(b) **Powers of attorney:** If this form is signed under a power of attorney, then the original or certified copy thereof must be sent to the Johannesburg receiving and certification office for noting unless it has already been registered with PPC or the Transfer Secretaries.

(c) **Companies or close corporations:** A company or close corporation wishing to exercise its rights must send the original or certified copy of the directors' or members' resolutions authorising the exercise of such rights to the Johannesburg receiving and certification office for noting.

(d) **Stamp of broking member of the JSE:** If any signature to **Form B** is confirmed by the stamp of a broking member of the JSE then (a), (b), or (c) above, as the case may be, will not apply.

(e) **Deceased estates and trusts:** Shares will not be allotted in the name of an estate or a trust. Therefore, where the right to the Rights Offer Shares has accrued to the estate of a deceased holder or a trust, the executor or administrator or trustee (as the case may be) must complete Form B in his representative capacity and **Form C** must be completed by the person in whose name the rights offer shares are to be allotted without any reference to the estate or the trust.

(f) **Joint holders:** Where applicable, all joint holders of Letters of Allocation must sign.

(g) **Receipts and documents:** No receipts will be given for completed Letters of Allocation and remittances. Documents accompanying applications will be returned by the transfer secretaries in due course, at the risk of the applicant.

(h) **Share certificates:** PPC uses the "certified transfer deeds and other temporary documents of title" procedure approved by the JSE and, therefore, will issue only one "block" share certificate for the shares allotted by it to each certificated acceptor of the offer.

The completed form of instruction must be delivered or posted to:

South Africa: PPC rights offer
Computershare Investor Services (Pty) Limited

Ground Floor, 70 Marshall Street
Johannesburg
2001
South Africa
(PO Box 61763, Marshalltown, 2107)
Telephone: 086 1100 634 or 011 870 8216 (in SA)
Fax: +27 11 688 5210
Email: corporate.events@computershare.co.za

Zimbabwe: PPC rights offer
Corpserve Transfer Securities (Pvt) Ltd

2nd Floor, ZB Centre, Corner First Street and Kwame Nkurumah Avenue
Harare, Zimbabwe
(PO Box 2208, Harare, Zimbabwe)
Fax: +263 4 758193

To be received by no later than 12:00 (SAST) on (a) Tuesday, 13 September 2016, if you wish to sell your Rights, or (b) Friday, 16 September 2016, if you wish to subscribe for Rights Offer Shares or renounce your Rights.

FORM A: INSTRUCTION TO SELL

PLEASE USE BLOCK LETTERS

(To be completed and signed by the shareholder if the LETTER OF ALLOCATION in respect of the right to the Rights Offer Shares is to be SOLD by the Transfer Secretaries on behalf of the shareholder.)

TO: COMPUTERSHARE INVESTOR SERVICES PROPRIETARY LIMITED / CORPSERVE TRANSFER SECURITIES (PVT) LTD (FOR PPC LTD)

I/We hereby instruct you to sell my/our rights to ______ (insert number of shares) PPC Ltd Rights Offer Shares and to pay the proceeds, if any, of the sale of the rights allocated to me/us in terms of this form (less ZAR154.48 (all inclusive) for trades of less than R40,000 and 0.35% (plus value added tax) of the value of the trades for amounts equal to or greater than R40,000).

Signed ______

Date ______ 2016

Stamp and endorsement of selling broker (if any)

Bank verification stamp

Payment Instructions:

Please tick appropriate box

☐ 1. By cheque, which should be posted at my/our own risk to the following address:

______

OR

☐ 2. By electronic funds transfer to the following bank account:

PLEASE ATTACK CERTIFIED COPY OF ID

Name of account holder ______ Account number ______

Name of bank ______ Branch code ______

PLEASE NOTE THAT IF THE ABOVE INFORMATION IS NOT COMPLETED OR IF CONFLICTING INSTRUCTIONS ARE GIVEN, A CHEQUE IN PAYMENT OF THE AMOUNT WILL BE SENT TO THE ADDRESS RECORDED IN PPC'S REGISTER

FORM B: FORM OF RENUNCIATION

(To be signed by the shareholder named in **Block (1)** on page 1 if the right to the Rights Offer Shares are to be renounced)

TO: COMPUTERSHARE INVESTOR SERVICES PROPRIETARY LIMITED / CORPSERVE TRANSFER SECURITIES (PVT) LTD (FOR PPC LTD

I/We hereby renounce my/our right to subscribe for ______ (insert number of shares) PPC Ltd Rights Offer Shares allocated to me/us as stated in **Block (3)** on page 1 in favour of the person(s) completing the Registration Application Form (Form C) in relation to such Rights Offer Shares.

Signed ______

(Signature(s) of person(s) renouncing) ______

Date ______ 2016

Assisted by me (where applicable) (all joint holders) ______

Stamp and endorsement of selling broker (if any)

FORM C: REGISTRATION APPLICATION FORM
(TO BE ACCOMPANIED BY A BANK GUARANTEED CHEQUE OR BANKER'S DRAFT)

(To be completed by the renouncee to whom the Rights Offer Shares are to be issued.)

Once this form has been completed it will no longer be negotiable.

TO: COMPUTERSHARE INVESTOR SERVICES PROPRIETARY LIMITED/CORPSERVE TRANSFER SECURITIES (PVT) LTD (FOR PPC LTD)

I/We

(a) authorise you to procure the issue of the Rights Offer Shares represented by this form in my/our name(s) upon the conditions set out in the Circular;

(b) authorise the Company to place such name(s) on the register of the Company.

Stamp of buying (if any) or name and address of lodging agent

PLEASE USE BLOCK LETTERS

Surname(s) OR Name of company/close corporation ______

Title ______

First names in full ______

ID/Registration Number ______

Postal address (preferably a PO Box address) ______

Telephone number (Office hours) (   ) ______

E-mail address ______

Signed ______

Date ______ 2016

Assisted by me (where applicable) all joint holders must sign ______

FORM D: POSTAL INSTRUCTIONS

The shares certificate is to be forwarded by registered post at my/our risk to the under mentioned address:

PLEASE USE BLOCK LETTERS

Name ______

Address ______

Postal code ______

(If no specific instructions are given here, the share certificate will be forwarded either to the address shown in **Block (1)** of this form or if **Form C** has been completed to the address shown therein.

Signed ______ Date ______ 2016

APPENDIX A – FORM OF INVESTOR LETTER

PPC Limited
30 Baker Street
Rosebank, 2196
South Africa

Date:

Ladies and Gentlemen:

This letter relates to the proposed issue of new Ordinary Shares (the "New Ordinary Shares") and renounceable (nil paid) letter of allocation to subscribe for the New Ordinary Shares (the "LOAs") by way of rights to Ordinary Shareholders (the "Rights Offer") by PPC Limited (the "Company") as described in the rights offer circular, dated 1 September 2016 (the "Rights Offer Circular"). Unless otherwise stated, or the context otherwise requires, capitalised terms in this letter shall have the same meaning as is given to them in the Rights Offer Circular.

In connection with our exercise of the LOAs and contemplated subscription for the New Ordinary Shares as set forth above, we hereby represent, acknowledge and agree that:

1. We are a "qualified institutional buyer" ("QIB") as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and, if we are subscribing for the New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, we have full investment discretion with respect to each such account, and we have the full power and authority to make the acknowledgements, representations and agreements herein on behalf of each owner of each such account.

2. We are subscribing for the New Ordinary Shares for our own account, or for the account or accounts of QIBs, in each case, for investment purposes, and not with a view to any distribution (within the meaning of the U.S. federal securities laws) of the New Ordinary Shares or the LOAs.

3. We understand, and each beneficial owner has been advised, that the LOAs and the New Ordinary Shares have not been and will not be registered under the U.S. Securities Act or any other applicable U.S. state securities laws, and are being offered and issued or sold to us (or such beneficial owner) in a transaction not involving a public offering in the United States within the meaning of the U.S. Securities Act, that is exempt from the registration requirements of the U.S. Securities Act.

4. We understand that the LOAs and the New Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and may not be deposited into any unrestricted depositary receipt facility, including the current ADR facility maintained by The Bank of New York Mellon, unless at the time of deposit such LOAs and New Ordinary Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act. To the extent the New Shares are delivered in certificated form, we understand that the certificate delivered in respect of the New Shares will bear a legend substantially to the following effect for so long as the securities are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act:

   THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT (2) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (3) TO ANOTHER QIB IN A PRIVATE TRANSACTION NOT INVOLVING A PUBLIC OFFERING, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE SHARES REPRESENTED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

5. We are not subscribing for the New Ordinary Shares or purchasing the LOAs on the secondary market on the JSE as a result of any general solicitation or general advertising within the meaning of Rule 502 under the U.S. Securities Act, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising within the meaning of Rule 502 under the U.S. Securities Act.

6. We have received and read a copy of the Rights Offer Circular, including the documents incorporated by reference therein. We have not relied on financial or other information supplied to us by any person other than information contained in, or incorporated by reference in, the Rights Offer Circular. We have made our own assessment concerning the relevant tax, legal and other economic considerations relevant to our investment in the LOAs and the New Ordinary Shares.

7. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the New Ordinary Shares, and we have the financial ability to bear the economic risk of investment in the New Ordinary Shares.

8. We agree that if we wish to reoffer, resell, pledge or otherwise transfer any of the LOAs or the New Ordinary Shares, we will not do so except in accordance with any applicable U.S. federal and state securities laws, and we certify that either:

   8.1 we will transfer the New Ordinary Shares in a transaction exempt from the registration requirements of the U.S. Securities Act under Rule 144(e) or Rule 144(k) (a "Rule 144 Transaction") (if available) and provide an opinion of counsel reasonably satisfactory to the Company which states that the transfer is exempt from the registration requirements of the U.S. Securities Act and that the New Ordinary Shares, as the case may be, following such transfer are freely transferable;

   8.2 we will transfer the LOAs and the New Ordinary Shares to a person who we reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act (if available) (a "Rule 144A Transaction");

   8.3 we will transfer the LOAs and the New Ordinary Shares in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the U.S. Securities Act (a "Regulation S Transaction"); or

   8.4 we will transfer the LOAs and the New Ordinary Shares in a transaction exempt from the registration requirements of the U.S. Securities Act other than a Rule 144 Transaction (if available), a Rule 144A transaction or a Regulation S Transaction and provide an opinion of counsel reasonably satisfactory to the Company which states that the transfer is exempt from the registration requirements of the U.S. Securities Act; provided that the person to whom such LOAs and New Ordinary Shares are transferred delivers a letter to the Company making the foregoing acknowledgements, representations and agreements.

9. We understand and acknowledge that the Company shall have no obligation to recognise any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth above and described herein.

10. We acknowledge that the Company, its financial advisors and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. We understand that the Company is relying on this letter in order to comply with the U.S. Securities Act and other U.S. state securities laws. We irrevocably authorize any account operator, which includes any nominee, custodian or other financial intermediary through which we hold our LOAs and shares in the Company, to provide the Company with a copy of this letter and such information regarding our identity and holding of shares in the Company (including pertinent account information and details of our identity and contact information) as is necessary or appropriate to facilitate our exercise of the LOAs. We also irrevocably authorize the Company to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters set forth herein.

11. If any of the representations or warranties contained in this letter shall at any time become untrue, we agree immediately to notify the addressee hereof in writing. We also agree that we may not cancel, terminate or revoke this letter.

We understand that this letter is required in connection with the laws of the United States and shall be governed by and construed in accordance with the laws of the State of New York without giving effect to its choice of law principles.

The Company and its financial advisors shall be entitled to rely on this letter (and, if this letter is delivered to our custodian or nominee, to delivery of a copy of this letter on its request) and we irrevocably authorize you to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

By: ______________________________

(Authorized Signature) ______________________________

Name: ______________________________

Title: ______________________________

Address: ______________________________

Number of Ordinary Shares to be subscribed for: ______________________________