

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of the Circular apply *mutatis mutandis* to this cover page.

If you are in any doubt as to what action you should take arising from this Circular, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.

### ACTION REQUIRED

1. If you have disposed of all of your shares in Insimbi, then this Circular, together with the attached notice of General Meeting and form of proxy, should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom you disposed of your shares.
2. The General Meeting convened in terms of this Circular will be held at 11:00 on Tuesday, 3 May 2016 at the registered office of Insimbi, 359 Crocker Road, Wadeville, Extension 4, Germiston, South Africa.
3. **Certificated shareholders and dematerialised shareholders with "own name" registration, who** are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.

#### **Dematerialised shareholders, other than dematerialised shareholders with "own name" registration, who:**

- are unable to attend the General Meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein; and
  - wish to attend the General Meeting, must instruct their CSDP or broker to issue them with the necessary letter of representation to attend, in the form of a letter of representation.
4. Insimbi does not accept any responsibility and will not be held liable for any failure on the part of any CSDP or broker of a dematerialised shareholder to notify such shareholder of the General Meeting or any business to be concluded thereat.



INSIMBI REFRACTORY AND ALLOY SUPPLIES LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number 2002/029821/06)  
Share code: ISB ISIN: ZAE000116828  
("Insimbi" or "the Company" or "the Group")

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# CIRCULAR TO INSIMBI SHAREHOLDERS

## Regarding

- the specific repurchase of a maximum of up to 13 000 000 ordinary shares held by Insimbi Alloy at a price of R0.63 per repurchase share;
- the specific issue of a maximum of 13 000 000 new Insimbi shares to EmployeeCo at a price of R0.83 per share for an aggregate amount of R10 790 000, which specific issue to EmployeeCo will be financed by way of a subscription by Insimbi of one preference share in EmployeeCo for an aggregate amount of R10 789 000 and 1 000 "B" ordinary shares at a price of R1.00 in EmployeeCo for an aggregate amount of R1 000; and
- the purchase of 5 000 000 Insimbi shares by ManCo from TP Hentiq at a price of R0.80 per share for an aggregate amount of R4 000 000 and the purchase of 4 835 887 shares from Insimbi Alloy at a price of R0.63 per share for an aggregate amount of R3 046 609. The purchase of Insimbi shares by ManCo will be financed by way of a subscription by Insimbi of one preference share in ManCo for an aggregate amount of R7 045 609 and 1 000 "B" ordinary shares at a price of R1.00 in EmployeeCo for an aggregate amount of R1 000.

## and incorporating

- a notice convening the General Meeting; and
- Form of proxy to be used by certificated ordinary shareholders and "own name" ordinary dematerialised shareholders only.

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Transaction Advisor

**nodus**

Nodus Capital

Sponsor

**BRIDGE  
CAPITAL**

Bridge Capital

Independent Reporting Accountant

**pwc**

PricewaterhouseCoopers

Legal Advisor

**WEBBER WENTZEL**

in alliance with > Linklaters

Webber Wentzel

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**Date of issue:** Thursday, 31 March 2016

Copies of this Circular are available in English only and may be obtained during normal business hours from Thursday, 31 March 2016 until Tuesday, 3 May 2016 at the registered office of the Company and the Sponsor, the addresses of which are set out in the "corporate information and advisors" section hereof. In addition, this Circular is available in electronic form on the Company's website ([www.insimbi-alloys.co.za](http://www.insimbi-alloys.co.za))

## **REGISTERED OFFICE OF INSIMBI**

359 Crocker Road  
Wadeville  
Extension 4  
Germiston  
South Africa  
(P.O. Box 14676, Wadeville,1422)

## **TRANSACTION ADVISOR**

Nodus Capital Proprietary Limited  
(Registration number: 2007/004535/07)  
Building 2  
Commerce Square Office Park  
39 Rivonia Road  
Sandhurst, 2196  
South Africa  
(P.O. Box 55369, Northlands, 2116)

## **INDEPENDENT REPORTING ACCOUNTANT**

PricewaterhouseCoopers Inc.  
(Registration number 1998/012055/21)  
2 Elgin Road  
Sunninghill, 2157  
Johannesburg  
South Africa  
(Private Bag X36, Sunninghill, 2157)

## **TRANSFER SECRETARIES**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
South Africa  
(P.O. Box 61051, Marshalltown, 2107)

## **PLACE OF INCORPORATION**

South Africa

## **COMPANY SECRETARY OF INSIMBI**

Kristell Holtzhausen  
359 Crocker Road  
Wadeville  
Extension 4  
Germiston  
South Africa  
(P.O. Box 14676, Wadeville,1422)

## **SPONSOR**

Bridge Capital Advisors Proprietary Limited  
(Registration number 1998/016302/07)  
2<sup>nd</sup> Floor, 27 Fricker Road  
Illovo Boulevard  
Illovo, 2196  
South Africa  
(P.O. Box 651010, Benmore, 2010)

## **LEGAL ADVISOR**

Webber Wentzel Attorneys  
90 Rivonia Road  
Sandton, 2196  
Johannesburg  
South Africa  
(P.O. Box 61771, Marshalltown, 2107)

## **DATE OF INCORPORATION**

25 November 2002

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*The definitions commencing on page 6 of this Circular apply to mutatis mutandis in this table of contents.*

## SALIENT DATES AND TIMES

### 2016

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Record date to determine which Insimbi shareholders are entitled to receive the Circular	Thursday, 24 March 2016
Circular posted to Insimbi shareholders and notice convening the General Meeting released on SENS on	Thursday, 31 March 2016
Last day to trade Insimbi Shares on the JSE in order to be eligible to vote at the General Meeting	Friday, 15 April 2016
Record date to be entitled to participate in and vote at the General Meeting	Friday, 22 April 2016
Last date for receipt of the forms of proxy for the General Meeting by 11:00	Thursday, 28 April 2016
General Meeting to be held at 11:00	Tuesday, 3 May 2016
Results of the General Meeting released on SENS on	Tuesday, 3 May 2016
Anticipated delisting and cancellation of the Repurchase Shares	Tuesday, 31 May 2016

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### Notes

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
2. Additional copies of this Circular in its printed format, may be obtained from the Sponsor and the Company at the address set out in the "corporate information and advisors" section of this Circular during normal business hours from, Thursday, 31 March 2016 up to and including Tuesday, 3 May 2016.

*The definitions commencing on page 6 of this Circular apply mutatis mutandis to these salient dates and times.*

# DEFINITIONS AND INTERPRETATIONS

In this Circular, the annexures hereto, the notice of General Meeting and form of proxy, unless the context otherwise indicates, references to the singular include the plural and vice versa, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and vice versa, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

DEFINITION	INTERPRETAION
"B-BBEE Act"	the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended;
"BEE"	broad-based black economic empowerment;
"Board" or "Directors"	The board of directors of Insimbi at the last practicable date whose details are set out in page 10 of this Circular;
"Business Day"	any day other than a Saturday, Sunday or a public holiday in South Africa;
"Business Hours"	08:00 to 17:00 on a Business Day;
"certificated shares"	Insimbi shares, represented by a share certificate(s) or other physical document(s) of title, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
"certificated shareholder(s)"	Insimbi shareholder(s) who hold certificated share(s);
"Circular"	This Circular, dated 31 March 2016, including all annexures, the notice of General Meeting and the form of proxy contained herein;
"Companies Act"	the Companies Act, 2008 (Act 71 of 2008), as amended;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, 2012 (Act 19 of 2012), as amended, appointed by an individual shareholder for the purposes of, and in regard to the dematerialisation of documents of title for purposes of incorporation into Strate;
"Custody Agreement"	the custody mandate agreement between a dematerialised shareholder and a CSDP or broker governing their relationship in respect of dematerialised shares held by the CSDP or broker;
"dematerialisation"	the process whereby share certificates, certificated transfer deeds, balance receipts and any other documents of title to shares in a tangible form are dematerialised into electronic records for purposes of incorporation into Strate;
"dematerialised shareholder"	a holder of dematerialised shares;
"documents of title"	share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable documents of title in respect of shares;
"EmployeeCo"	Insimbi EmployeeCo Proprietary Limited, registration number 2016/058199/07, a private company incorporated under the laws of South Africa;
"EmployeeCo Insimbi Shares Subscription Price"	an aggregate amount of R10 790 000 (calculated as R0.83 per EmployeeCo Insimbi Subscription Share, representing a 15% discount to VWAP measured over the 30 Business Days prior to 9 February 2016);
"EmployeeCo Insimbi Subscription Shares"	13 000 000 Insimbi Shares to be issued by Insimbi to EmployeeCo pursuant to the EmployeeCo Reciprocal Subscription Agreement, which shares shall, after their issue, constitute approximately 5% of all the Insimbi shares in issue;
"EmployeeCo "B" Ordinary Share Subscription"	the subscription for the EmployeeCo Subscription "B" Ordinary Shares by Insimbi for the EmployeeCo "B" Ordinary Share Subscription Price in terms of the EmployeeCo Reciprocal Subscription Agreement;
"EmployeeCo "B" Ordinary Share Subscription Price"	an aggregate amount of R1 000 calculated as R1.00 per EmployeeCo Subscription "B" Ordinary Share;
"EmployeeCo Ordinary Share Subscription Agreements"	the individual subscription agreements to be entered into between EmployeeCo, on the one hand and EmployeeCo Participants on the other hand in respect of the EmployeeCo Participants Subscription;
"EmployeeCo Preference Share Subscription Price"	an aggregate amount of R10 789 000;
"Employee Subscription "B" Ordinary Shares"	1 000 "B" ordinary shares with no par value in EmployeeCo;

DEFINITION	INTERPRETAION
"EmployeeCo Subscription Preference Share"	1 non-convertible cumulative redeemable preference share with no par value in EmployeeCo, to be issued by EmployeeCo to Insimbi, which preference share is subject to the rights, privileges and conditions set out in the EmployeeCo MOI;
"EmployeeCo MOI"	the memorandum of incorporation of EmployeeCo to be adopted as contemplated in section 16(5) (a) of the Companies Act;
"EmployeeCo Participants"	eligible employees of Insimbi, who include senior and middle management (other than directors and prescribed officers of Insimbi as contemplated in the Companies Act and the ManCo Participants) and who, via EmployeeCo, are afforded the opportunity to acquire an indirect shareholding in Insimbi;
"EmployeeCo Participants Subscription"	the subscription for approximately 100 000 "A" ordinary shares with no par value in EmployeeCo by the EmployeeCo Participants for a subscription price of R0.01 per share;
"EmployeeCo Preference Share Subscription"	the subscription for the EmployeeCo Subscription Preference Share by Insimbi for the EmployeeCo Preference Share Subscription Price in terms of the EmployeeCo Reciprocal Subscription Agreement;
"EmployeeCo Reciprocal Subscription Agreement"	the reciprocal subscription agreement entered into between Insimbi and EmployeeCo on 26 February 2016, pursuant to which EmployeeCo and Insimbi have agreed on the terms and conditions of the EmployeeCo Specific Issue, the EmployeeCo Preference Share Subscription and the EmployeeCo "B" Ordinary Share Subscription;
"EmployeeCo Specific Issue"	the issue of the EmployeeCo Insimbi Subscription Shares by Insimbi to EmployeeCo for the EmployeeCo Insimbi Shares Subscription Price in terms of the EmployeeCo Reciprocal Subscription Agreement;
"EmployeeCo Subscription Date"	the later of (i) 31 May 2016 and (ii) the first Business Day following the day on which all the suspensive conditions to which the Employee Reciprocal Subscription Agreement is subject have been satisfied or waived, or such other date as Insimbi and EmployeeCo may agree to in writing;
"EmployeeCo Subscription "A" Ordinary Shares"	approximately 100 000 "A" ordinary shares with no par value in EmployeeCo, to be issued by EmployeeCo to EmployeeCo Participants pursuant to the EmployeeCo MOI;
"EmployeeCo Subscription Ordinary "B" Shares"	1 000 "B" ordinary shares with no par value in EmployeeCo, to be issued by EmployeeCo to Insimbi pursuant to the EmployeeCo Reciprocal Subscription Agreement;
"EmployeeCo Transaction"	the transactions contemplated by the Share Repurchase Agreement, the EmployeeCo Reciprocal Subscription Agreement and the EmployeeCo Ordinary Share Subscription Agreements;
"General Meeting"	the general meeting of Insimbi shareholders to be held at 359 Crocker Road, Wadeville, Extension 4, Germiston on Tuesday, 3 May 2016 at 11:00 to consider and, if deemed appropriate, approve the resolutions;
"Group"	the Company and each of its subsidiaries as contemplated in the Companies Act;
"IFRS"	International Financial Reporting Standards;
"Insimbi shareholders" or "shareholders"	holders of Insimbi shares;
"Insimbi shares" or "Ordinary shares"	ordinary par value shares of R0.000025 per share which Insimbi is authorised to issue;
"Insimbi" or "the Company"	Insimbi Refractory and Alloy Supplies Limited, registration number 2002/029821/06, a public company incorporated under the laws of South Africa;
"Insimbi Alloy"	Insimbi Alloy Supplies Proprietary Limited, registration number 2006/009418/07, a private company incorporated under the laws of South Africa and a wholly-owned subsidiary of Insimbi;
"Insimbi Alloy Purchase Price"	an aggregate amount of R3 046 609 (calculated at R0.63 per Insimbi Alloy Sale Share);
"Insimbi Alloy Sale Shares"	4 835 887 ordinary shares in Insimbi registered in the name of Insimbi Alloy and classified as treasury shares in terms of the Listings Requirements;
"Insimbi Aluminium Alloys"	Insimbi Aluminium Alloys Proprietary Limited, registration number 2007/033423/07, a private company incorporated under the laws of South Africa and a wholly-owned subsidiary of Insimbi;

# DEFINITIONS AND INTERPRETATIONS CONTINUED

DEFINITION	INTERPRETAION
"JSE"	JSE Limited, registration number 2005/022939/06, a public company incorporated under the laws of South Africa and licensed as an exchange under the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
"last practicable date"	Thursday, 17 March 2016, being the last practicable date prior to the finalisation of this Circular;
"Legal Advisor" or "Webber Wentzel"	Webber Wentzel Attorneys, the legal advisors to Insimbi whose details are set out in the corporate information and advisors section of this Circular;
"Listings Requirements"	the Listings Requirements of the JSE Limited, as amended from time to time by the JSE Limited;
"ManCo"	Insimbi ManCo Proprietary Limited, registration number 2016/058163/07, a private company incorporated under the laws of South Africa;
"ManCo Closing Date"	the later of (i) 31 May 2016 and (ii) the first Business Day following the ManCo Subscription Date, or such other date as may be agreed to between Insimbi and ManCo;
"ManCo MOI"	the memorandum of incorporation of ManCo to be adopted as contemplated in section 16(5)(a) of the Companies Act;
"ManCo "B" Ordinary Share Subscription Price"	an aggregate amount of R1 000, calculated at a price of R1.00 per ManCo Subscription "B" Ordinary Share;
"ManCo "B" Ordinary Share Subscription"	the subscription for the ManCo Subscription "B" Ordinary Shares by Insimbi for the ManCo "B" Ordinary Share Subscription Price on the ManCo Subscription Date in terms of the ManCo Subscription Agreement;
"ManCo Ordinary Share Subscription Agreements"	shall mean the individual subscription agreements to be entered into between ManCo, on the one hand, and the ManCo Participants, on the other hand, in respect of the ManCo Participants Subscription;
"ManCo Participants"	selected managerial employees, who include top and senior management (other than directors and prescribed officers of Insimbi as contemplated in the Companies Act) of Insimbi who are not EmployeeCo Participants and who, via ManCo, are afforded the opportunity to acquire an indirect shareholding in Insimbi;
"ManCo Participants Subscription"	the subscription for approximately 100 000 "A" ordinary shares with no par value in ManCo by the ManCo Participants for a subscription price of R0.01 per share;
"ManCo Preference Share Subscription"	the subscription for the ManCo Subscription Preference Share by Insimbi for the ManCo Preference Share Subscription Price on the ManCo Subscription Date in terms of the ManCo Sale and Subscription Agreement;
"ManCo Preference Share Subscription Price"	an aggregate amount of R7 045 609;
"ManCo Purchase Price"	the Insimbi Alloy Purchase Price and the TP Hentiq Purchase Price;
"ManCo Sale and Subscription Agreement"	the sale of shares and subscription agreement entered into between Insimbi and ManCo on 26 February 2016, pursuant to which ManCo and Insimbi have agreed on the terms and conditions of the ManCo Sale of Shares, the ManCo Preference Share Subscription and the ManCo "B" Ordinary Share Subscription;
"ManCo Sale of Shares"	the purchase by ManCo of the ManCo Sale Shares from Insimbi Alloy and TP Hentiq for the ManCo Purchase Price on the ManCo Closing Date in terms of the ManCo Sale of Shares Agreement;
"ManCo Sale Shares"	collectively, the Insimbi Alloy Sale Shares and the TP Hentiq Sale Shares;
"ManCo Subscription "A" Ordinary Shares"	approximately 100 000 "A" ordinary shares with no par value in ManCo, to be issued by ManCo to the ManCo Participants;
"ManCo Subscription "B" Ordinary Shares"	1 000 "B" ordinary shares with no par value in ManCo, to be issued by ManCo to Insimbi pursuant to the ManCo Sale and Subscription Agreement;
"ManCo Subscription Date"	the first Business Day following the day on which all the suspensive conditions set out in paragraph 3.2.2.2 to which the ManCo Sale and Subscription Agreement is subject have been satisfied or waived or such other date as Insimbi and ManCo may agree to in writing;



DEFINITION	INTERPRETAION
"ManCo Subscription Preference Share"	1 non-convertible cumulative redeemable preference share with no par value in ManCo, to be issued by ManCo to Insimbi, which preference share is subject to the rights, privileges and conditions set out in the ManCo MOI;
"ManCo Transaction"	the transactions contemplated by the ManCo Sale and Subscription Agreement and the ManCo Ordinary Share Subscription Agreements;
"PwC" or "independent reporting accountants"	PricewaterhouseCoopers Inc., Registration number 1998/012055/21, registered auditors, a firm of Chartered Accountants (SA) and the independent reporting accountant to Insimbi reporting on the <i>pro forma</i> financial effects and <i>pro forma</i> financial information set out in paragraph 7 and Annexure 1, respectively in this Circular;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Repurchase Agreement"	the share repurchase agreement entered into between Insimbi and Insimbi Alloy on 26 February 2016, in terms of which Insimbi Alloy shall sell the Repurchase Shares to Insimbi for the Repurchase Price;
"Repurchase Date"	the later of (i) 31 May 2016 and (ii) the first Business Day following the fulfilment of the suspensive conditions to which the Repurchase Agreement is subject, or such other date as agreed to between Insimbi and Insimbi Alloy in writing;
"Repurchase Price"	an amount of R0.63 per Repurchase Share;
"Repurchase Shares"	up to 13 000 000 ordinary shares with no par value in Insimbi held by and registered in the name of Insimbi Alloy;
"SENS"	the Stock Exchange News Service of the JSE;
"Solvency and Liquidity Test"	the solvency and liquidity test as contemplated in section 4 of the Companies Act;
"South Africa"	the Republic of South Africa;
"Specific Repurchase"	the repurchase by Insimbi of the Repurchase Shares for the Repurchase Price in terms of the Repurchase Agreement;
"Sponsor" or "Bridge Capital"	Bridge Capital Advisors Proprietary Limited, registration number 1998/016302/07, a private company incorporated under the laws of South Africa;
"Strate"	Strate Proprietary Limited, registration number 1998/022242/07, a private company incorporated under the laws of South Africa and the electronic settlement system for settlements that take place on the JSE and off-market trades;
"sub-register"	the record of dematerialised shares administered and maintained by a CSDP and which forms part of the Company's securities register as defined in the Companies Act, excluding nominees;
"subsidiary"	a subsidiary as defined in the Companies Act;
"TP Hentiq"	TP Hentiq 6064 Proprietary Limited, registration number 2008/029228/07, a private company incorporated under the laws of South Africa and is a wholly-owned subsidiary of Insimbi;
"TP Hentiq Purchase Price"	an aggregate amount of R4 000 000 (calculated at R0.80 per TP Hentiq Sale Share);
"TP Hentiq Sale Shares"	5 000 000 ordinary shares in Insimbi registered in the name of TP Hentiq and classified as treasury shares in terms of the Listings Requirements;
"Transaction Advisor"	Nodus Capital Proprietary Limited, registration number 2007/004535/07, a private company incorporated under the laws of South Africa;
"Transactions"	collectively, the EmployeeCo Transaction, Specific Repurchase and ManCo Transaction;
"transfer secretaries"	Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company incorporated under the laws of South Africa;
"VAT"	value added tax, levied in terms of the provisions of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended; and
"VWAP"	volume weighted average price.

# CIRCULAR TO INSIMBI SHAREHOLDERS



INSIMBI REFRACTORY AND ALLOY SUPPLIES LIMITED  
(Incorporated in the Republic of South Africa) (Registration number 2002/029821/06)  
Share code: ISB ISIN: ZAE000116828 ("Insimbi" or "the Company" or "the Group")

## Directors

### Executive:

Pieter Schutte (Chief Executive Officer)  
Frederik Botha (Financial Director)  
Colin Botha  
Eduard Liechti

### Non-executive:

Lerato Okeyo\* (Chairman)  
Gilimamba Mahlati\*  
Cleopatra Shiceka\*  
\*Independent

## CIRCULAR TO INSIMBI SHAREHOLDERS

### 1. INTRODUCTION

On 1 March 2016, it was announced on SENS that:

- the Repurchase Agreement had been concluded;
- the EmployeeCo Reciprocal Subscription Agreement had been concluded; and
- the ManCo Sale and Subscription Agreement had been concluded.

The purpose of this Circular is to provide Insimbi shareholders with relevant information relating to the Transactions and to give notice of a general meeting of Insimbi shareholders in order to consider and, if deemed fit, to pass the resolutions necessary to approve and implement the Transactions in accordance with the Listings Requirements and the Companies Act. A notice convening such a meeting is attached to, and forms part of this Circular.

### 2. NATURE OF INSIMBI'S BUSINESS

Insimbi provides the steel, aluminium, cement and foundry industries with resource-based commodities like ferrous and non-ferrous alloys, as well as refractory materials, by integrating the supply, logistics and technical support function. Insimbi is a leading specialist in meeting the needs of specific industries and target markets in the infrastructure sector.

Over the past decades, the Company has developed its core expertise with the ability to source and provide the industrial consumer globally, with the required commodity. The Group exposes itself to various risks due to the nature of its extended services. These risks are monitored on an ongoing basis and to date, the Company has been able to identify and eliminate or mitigate the risks in advance.

The risks include but are not limited to the global and local economic environment, industrial action in the mining industry, diversification, empowerment credentials, wellbeing of Insimbi's employees, the energy price and the availability thereof.

Insimbi's business model has, over the years, evolved into three distinct manufacturing entities and ten separate divisions that operate from its Wadeville, Germiston head office which complement each other while providing Insimbi's business model with an inherent diversification which has proven to be resilient and sustainable through various commodity and trading cycles experienced over Insimbi's operational life, spanning back to the 1970s.

### 3. THE TRANSACTIONS

#### 3.1 The EmployeeCo Transaction

##### 3.1.1 Introduction and rationale

The Board has recognised the importance of significant BEE and employee ownership within the Company. The implementation of the EmployeeCo Transaction will contribute towards the Group's BEE ownership objectives and foster a culture of ownership in Insimbi. Accordingly, EmployeeCo has been incorporated to enable employees of Insimbi (other than directors and prescribed officers of Insimbi as contemplated in the Companies Act) to collectively acquire an indirect 5% shareholding in Insimbi. The demographic composition of the employees of Insimbi will result in an improvement in the BEE ownership of the Group.

##### 3.1.1.1 Allocation of the EmployeeCo Insimbi Subscription Shares to the EmployeeCo Participants

The table below sets out the allocation of the EmployeeCo Insimbi Subscription Shares per employee description. The EmployeeCo Insimbi Subscription Shares are equally allocated to each EmployeeCo Participant in that respective employee description. The percentages of total shares allocated per employee description are as follows:

Employee description	Black	Coloured	Indian	White	Percentage	
					Total number of Insimbi shares	of total shares allocated per employee description
Senior Management	112,666	112,667	112,667	1,352,000	1,690,000	13%
Middle management	551,515	236,364	78,788	1,733,333	2,600,000	20%
Other	6,046,612	791,818	215,950	1,655,620	8,710,000	67%
<b>Total number of Insimbi shares</b>	<b>6,710,793</b>	<b>1,140,849</b>	<b>407,405</b>	<b>4,740,953</b>	<b>13,000,000</b>	<b>100%</b>
Percentage of total shares allocated per group	52%	9%	3%	36%	100%	

##### 3.1.2 Specific Repurchase

##### 3.1.2.1 Summary of terms

In terms of the Repurchase Agreement:

- Insimbi Alloy shall sell the Repurchase Shares to Insimbi, who shall repurchase these Repurchase Shares for the Repurchase Price on the Repurchase Date;
- following receipt by Insimbi Alloy of the Repurchase Price, the Repurchase Shares will have the same status as shares that have been authorised but not issued as contemplated in section 35(5) of the Companies Act; and
- Insimbi shall apply for the delisting of the Repurchase Shares in accordance with the provisions of the Listings Requirements.

##### 3.1.2.2 Suspensive conditions to the Repurchase Agreement

- the passing of any resolutions required to approve the transaction contemplated by the Repurchase Agreement by the shareholders and boards of directors of Insimbi, including, without limitation, the approval of the Specific Repurchase in terms of the Listings Requirements; and
- the conclusion of the EmployeeCo Reciprocal Subscription Agreement and the fulfilment or waiver of any suspensive conditions to which such agreement may be subject.

##### 3.1.2.3 Payment of the Repurchase Price

In terms of the Repurchase Agreement, Insimbi shall pay the Repurchase Price to Insimbi Alloy on the Repurchase Date. The Repurchase Price will be settled from Insimbi's existing cash resources.

##### 3.1.3 EmployeeCo Specific Issue, EmployeeCo Preference Share Subscription and EmployeeCo "B" Ordinary Share Subscription

##### 3.1.3.1 Summary of terms

In terms of the EmployeeCo Reciprocal Subscription Agreement:

- EmployeeCo shall subscribe for the EmployeeCo Insimbi Subscription Shares for the EmployeeCo Insimbi Shares Subscription Price; and

# CIRCULAR TO INSIMBI SHAREHOLDERS CONTINUED

- to enable EmployeeCo to fund its acquisition of the EmployeeCo Insimbi Subscription Shares, EmployeeCo and Insimbi have agreed that Insimbi will subscribe for the EmployeeCo Subscription Preference Share for the EmployeeCo Preference Share Subscription Price together with the EmployeeCo Subscription “B” Ordinary Shares for the EmployeeCo “B” Ordinary Share Subscription Price on the EmployeeCo Subscription Date.

The EmployeeCo Subscription Preference Share will have certain preferential rights, including the right to a cumulative preference dividend in an amount equal to 80% of EmployeeCo's net income, calculated as the sum of the distributions received by EmployeeCo from Insimbi during each dividend period less any operating costs of EmployeeCo during the relevant dividend period.

The salient features of the EmployeeCo MOI, including the rights, privileges and conditions attached to the EmployeeCo Subscription Preference Share, are set out in Annexure 3 to this Circular.

The board of directors of EmployeeCo shall consist of a minimum of three and a maximum of six directors who shall be elected by the EmployeeCo shareholders, provided that Insimbi shall, for so long as it holds any ordinary shares in EmployeeCo, be entitled to appoint and remove one director as contemplated in section 66(4)(a)(i) of the Companies Act.

Given the indirect beneficial interests of the EmployeeCo Participants in the EmployeeCo Insimbi Subscription Shares, which will be subject to certain restrictions on transfer, the EmployeeCo Insimbi Subscription Shares will be deemed to be issued to ‘non-public’ shareholders. However, EmployeeCo will not be a subsidiary of Insimbi and the EmployeeCo Insimbi Subscription Shares will not be classified as treasury shares in terms of the Listings Requirements.

### **3.1.3.2 *Suspensive conditions to the EmployeeCo Reciprocal Subscription Agreement***

The EmployeeCo Reciprocal Subscription Agreement is subject to the fulfilment or waiver on or before 30 June 2016 of the following suspensive conditions:

- the adoption by way of a special resolution by the shareholders of EmployeeCo, and filing at the Companies and Intellectual Property Commission, of the EmployeeCo MOI;
- the passing of any resolutions required to approve the EmployeeCo Transactions by the shareholders and the Board, including, without limitation, the approval of the EmployeeCo Specific Issue as a specific issue of shares for cash in terms of the Listings Requirements and any resolutions required in terms of section 44 of the Companies Act to approve any financial assistance which may be provided by Insimbi to EmployeeCo in connection with the EmployeeCo Transactions;
- the implementation of the Specific Repurchase following the passing of any resolutions required to approve such repurchase by the shareholders and the Board, as well as the subsequent delisting of the Repurchase Shares; and
- the conclusion and implementation of the EmployeeCo Ordinary Share Subscription Agreements to the satisfaction of EmployeeCo and Insimbi.

### **3.1.3.3 *Financing of the EmployeeCo Specific Issue***

In terms of the EmployeeCo Reciprocal Subscription Agreement, Insimbi has agreed, subject to the fulfilment or waiver of the suspensive conditions set out in paragraph 3.1.3.2 above, to provide financial assistance to fund the EmployeeCo Specific Issue, as follows:

- Insimbi has undertaken to subscribe for the EmployeeCo Subscription Preference Share on the EmployeeCo Subscription Date, for a consideration equal to the EmployeeCo Preference Share Subscription Price;
- Insimbi has undertaken to subscribe for the EmployeeCo Subscription Ordinary “B” Shares on the EmployeeCo Subscription Date, for a consideration equal to the EmployeeCo Ordinary “B” Shares Subscription Price;
- on the EmployeeCo Subscription Date, the obligation of EmployeeCo in respect of the payment of the EmployeeCo Insimbi Share Subscription Price shall be settled by setting it off in the books of account of Insimbi against Insimbi's obligation in respect of the EmployeeCo Preference Share Subscription Price and the EmployeeCo “B” Ordinary Share Subscription Price;
- on the EmployeeCo Subscription Date, the obligation of Insimbi in respect of payment of the EmployeeCo Preference Share Subscription Price and EmployeeCo “B” Ordinary Share Subscription Price shall be settled by setting it off in the books of account of EmployeeCo against EmployeeCo's obligation in respect of the EmployeeCo Insimbi Share Subscription Price;
- EmployeeCo shall be entitled, but not obliged, to redeem the EmployeeCo Subscription Preference Share at any time after payment in full of any accrued but unpaid preference share dividends, subject to compliance with the Companies Act and provided that it passes the Solvency and Liquidity Test; and
- after a period of five years from the EmployeeCo Subscription Date, Insimbi shall be entitled to require EmployeeCo to redeem the EmployeeCo Subscription Preference Share.

### 3.1.4 EmployeeCo Ordinary Share Subscription Agreements

In terms of the EmployeeCo Ordinary Share Subscription Agreements, EmployeeCo Participants shall initially, in aggregate, subscribe for approximately 100 000 "A" ordinary shares with no par value in EmployeeCo for a subscription price of R0.01 per share, which "A" ordinary shares will have the same voting rights and rights to dividends as the EmployeeCo Subscription "B" Ordinary Shares, but will be subject to different transfer restrictions as set out in the EmployeeCo MOI.

## 3.2 The ManCo Transaction

### 3.2.1 Introduction and rationale

The Board has identified the need to plan for succession and foster a culture of ownership amongst those managers who are not directors and prescribed officers of the Company. To this end, ManCo has been incorporated to enable these managers to collectively acquire an indirect holding of 3.78% of the issued shares of Insimbi, thereby aligning the interests of these managers with those of Insimbi to potentially create long term value for the Company and its existing shareholders.

#### 3.2.1.1 Allocation of the ManCo Sale Shares to the ManCo Participants

The table below sets out the allocation of the ManCo Sale Shares per employee description. The ManCo Sale Shares are allocated to each ManCo Participant within the Top Management description on the basis that Black, Coloured and Indian employees will receive 1.2 times the number of ManCo Sale Shares that a White employee will receive. There is only one person in the Senior Management description. The percentages of total shares allocated per employee description are as follows:

Employee description	Black	Coloured	Indian	White	Percentage	
					Total number of Insimbi shares	of total shares allocated per employee description
Top Management (excluding directors of the Company)	–	2,655,689	2,655,689	3,540,919	8,852,297	90%
Senior Management	–	–	–	983,589	983,589	10%
<b>Total number of Insimbi shares</b>	<b>–</b>	<b>2,655,689</b>	<b>2,655,689</b>	<b>4,524,508</b>	<b>9,835,886</b>	<b>100%</b>
Percentage of total shares allocated per group	0%	27%	27%	46%	100%	

### 3.2.2 The ManCo Sale of Shares, ManCo Preference Share Subscription and ManCo "B" Ordinary Shares Subscription

#### 3.2.2.1 Summary of terms

In terms of the ManCo Sale and Subscription Agreement:

- Insimbi Alloy and TP Hentiq will sell the ManCo Sale Shares to ManCo for the ManCo Purchase Price; and
- to enable ManCo to fund its acquisition of the ManCo Sale Shares, ManCo and Insimbi have agreed that Insimbi will subscribe for the ManCo Subscription Preference Share for an amount equal to the ManCo Preference Share Subscription Price and the ManCo Subscription "B" Ordinary Shares for an amount equal to the ManCo "B" Ordinary Share Subscription Price on the ManCo Subscription Date.

The ManCo Sale Shares shall rank pari passu with all the other issued ordinary shares of Insimbi.

The ManCo Subscription Preference Share will have certain preferential rights, including the right to a cumulative preference dividend in an amount equal to 80% of ManCo's net income, calculated as the sum of the distributions received by ManCo from Insimbi during each dividend period less any operating costs of ManCo during the relevant dividend period.

The salient features of the ManCo MOI, including the rights, privileges and conditions attaching to the ManCo Subscription Preference Shares and the ManCo Subscription "B" Ordinary Shares, are set out in Annexure 4 of this Circular.

The board of directors of ManCo shall consist of a minimum of three and a maximum of six directors who shall be elected by the ManCo shareholders, provided that Insimbi shall, for so long as it holds any ordinary shares in ManCo, be entitled to appoint and remove one director as contemplated in section 66(4)(a)(i) of the Companies Act.

# CIRCULAR TO INSIMBI SHAREHOLDERS CONTINUED

Given the indirect beneficial interests of the ManCo Participants in the ManCo Sale Shares, which will be subject to certain restrictions on transfer, the ManCo Sale Shares will be deemed to be issued to 'non-public' shareholders. However, ManCo will not be a subsidiary of Insimbi and the ManCo Sale Shares will not be classified as treasury shares in terms of the Listings Requirements.

### **3.2.2.2 *Suspensive conditions to the ManCo Sale and Subscription Agreement***

The ManCo Sale and Subscription Agreement is subject to the fulfilment or waiver on or before 30 June 2016 of the following suspensive conditions:

- the adoption by way of special resolution by the shareholders of ManCo, and filing at the Companies and Intellectual Property Commission, of the ManCo MOI;
- the passing of any resolutions required to approve the transaction contemplated in the ManCo Sale and Subscription Agreement by the shareholders and boards of directors of Insimbi, Insimbi Alloy and TP Hentiq, including, without limitation, the approval of the ManCo Sale of Shares as a specific issue of shares for cash in terms of the Listings Requirements and any resolutions required in terms of section 44 of the Companies Act to approve any financial assistance which may be provided by Insimbi to ManCo in connection with the transactions contemplated in the ManCo Sale and Subscription Agreement; and
- the conclusion and implementation of the ManCo Ordinary Share Subscription Agreements to the satisfaction of ManCo and Insimbi.

### **3.2.2.3 *Payment of the ManCo Sale Shares***

In terms of the ManCo Sale and Subscription Agreement, Insimbi has agreed, subject to the fulfilment or waiver of the suspensive conditions set out in paragraph 3.2.2.2 above, to provide financial assistance to fund the ManCo Transaction, as follows:

- the total purchase price for the ManCo Sale Shares shall be an amount equal to the ManCo Purchase Price which shall be payable in cash by ManCo, utilising the proceeds from the ManCo Preference Share Subscription Price and the ManCo "B" Ordinary Shares Subscription Price;
- Insimbi will subscribe for the ManCo Subscription Preference Share on the ManCo Subscription Date, for a consideration equal to the ManCo Preference Share Subscription Price;
- Insimbi will subscribe for the ManCo Subscription "B" Ordinary Shares on the ManCo Subscription Date, for a consideration equal to the ManCo "B" Ordinary Share Subscription Price;
- ManCo shall be entitled, but not obliged, to redeem the ManCo Subscription Preference Share at any time after payment in full of any accrued dividends, subject to compliance with the Companies Act and provided that it passes the Solvency and Liquidity Test; and
- after a period of five years from the ManCo Subscription Date, Insimbi shall be entitled to require ManCo to redeem the ManCo Subscription Preference Share.

### **3.2.3 *ManCo Ordinary Share Subscription Agreements***

ManCo Participants shall initially, in aggregate, subscribe for approximately 100 000 "A" ordinary shares with no par value in ManCo for a subscription price of R0.01 per share, which "A" ordinary shares will have the same voting rights and rights to dividends as the ManCo Subscription "B" Ordinary Shares, but will be subject to different transfer restrictions as set out in the ManCo MOI.

## **4. FINANCIAL ASSISTANCE, SOLVENCY AND LIQUIDITY**

In terms of section 44(3)(a)(ii) of the Companies Act, a special resolution authorising Insimbi to provide financial assistance to EmployeeCo and ManCo in respect of the EmployeeCo Transaction and the ManCo Transaction, respectively, is required. These special resolutions, as set out in the notice of General Meeting included in this Circular, will be proposed at the General Meeting.

After considering the terms of the Transactions, the Board is satisfied that subsequent to providing the financial assistance described above:

- Insimbi and the Group will for a period of 12 months after having completed the Solvency and Liquidity Test, be able to pay their debts as they become due in the ordinary course of business; and
- the assets of Insimbi and the Group, fairly valued, will be in excess of the liabilities of Insimbi and the Group, fairly valued. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the Group's latest audited consolidated annual financial statements. Furthermore, for this purpose, contingent liabilities have been accounted for as required in terms of section 4(2)(b)(i) of the Companies Act.

## 5. LISTINGS REQUIREMENTS

The EmployeeCo Specific Issue is an issue of shares for cash at a 15% discount to the 30 day VWAP as at 9 February 2016. In terms of the Listings Requirements, the EmployeeCo Specific Issue requires the approval of an ordinary resolution achieving a 75% majority of the votes cast in favour thereof by all shareholders present or represented by proxy at the General Meeting, excluding EmployeeCo Participants and their associates, if any. Furthermore, in terms of paragraph 10.1(b)(vii) of the Listings Requirements, EmployeeCo is not considered to be a related party and a fairness opinion is not required. In terms of paragraph 5.51(b) of the Listings Requirements, the shares issued to EmployeeCo Participants are considered to be issued to non-public shareholders.

The ManCo Sale of Shares constitutes an issue of shares for cash in terms of the Listings Requirements and requires the approval of an ordinary resolution achieving a 75% majority of the votes cast in favour thereof by all shareholders present or represented by proxy at the General Meeting, excluding ManCo Participants and their associates, if any. Furthermore, in terms of paragraph 10.1(b)(vii) of the Listings Requirements, ManCo is not considered to be a related party and a fairness opinion is not required. In terms of paragraph 5.51(b) of the Listings Requirements, the shares issued to ManCo Participants are considered to be issued to non-public shareholders. Furthermore, the shares issued to the EmployeeCo Participants and the ManCo Participants will not be voted upon until such time as the respective directors of EmployeeCo and ManCo have been appointed and the respective EmployeeCo Participants and ManCo Participants have been identified and shares issued.

In terms of paragraph 5.69(b) of the Listings Requirements, the Specific Repurchase constitutes a specific repurchase of shares and requires the approval of a special resolution achieving a 75% majority of the votes cast in favour thereof by all shareholders present or represented by proxy at the General Meeting, excluding any shareholders that are participating in the Specific Repurchase and their associates, if any. Furthermore, the Repurchase Shares were repurchased at the cost that the subsidiary paid for such treasury shares being an amount equal to the Repurchase Price, which represents a 35% discount to the 30 day VWAP as at 9 February 2016.

The Board of Insimbi is of the opinion that, after considering the effect of the Specific Repurchase:

- the Company and the Group will be able in the ordinary course of business to pay their debts for a period of 12 months after the date of approval of the Circular;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of approval of the Circular;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the Circular; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of the Circular;

A resolution by the Board has been passed in accordance with the requirements of the Companies Act, stating that the Board has authorised the Specific Repurchase, applied the Solvency and Liquidity Test and has reasonably concluded that the Group will satisfy the Solvency and Liquidity Test immediately after the Specific Repurchase. Since the Solvency and Liquidity Test was performed, there have been no material changes to the financial position of the Group. The voting rights attached to the TP Hentiq Sale Shares and the Insimbi Alloy Sale Shares will not be taken into account for purposes of the resolutions required to approve the Transactions.

## 6. EFFECTIVE DATE

The effective date of the EmployeeCo Transaction and the ManCo Transaction shall be the EmployeeCo Subscription Date, the ManCo Subscription Date and the ManCo Closing Date (in respect of the ManCo Sale of Shares), respectively.

## 7. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTIONS

The table below sets out the *pro forma* financial effects of the Transactions on the published unaudited consolidated condensed financial results of Insimbi for the six months ended 31 August 2015. The *pro forma* financial effects have been prepared for illustrative purposes only and because of their *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Transactions going forward.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published unaudited consolidated condensed financial results of Insimbi for the six months ended 31 August 2015. The *pro forma* financial effects are presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus.

# CIRCULAR TO INSIMBI SHAREHOLDERS CONTINUED

The directors of the Company are responsible for the compilation, contents and preparation of the *pro forma* financial effects. Their responsibility includes determining that the *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of Insimbi and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

## Accounting treatment of the Transactions

### EmployeeCo Transaction

The Specific Repurchase and the subsequent delisting and cancellation of the Repurchase Shares do not give rise to any *pro forma* adjustments and/or financial effects on the basis that the Repurchase Price of the Repurchase Shares is equal to the weighted average cost price of the ordinary Insimbi shares currently held by Insimbi Alloy and due to these shares being classified as treasury shares for accounting purposes.

For accounting purposes, Insimbi will control EmployeeCo and therefore this company will be consolidated into the Insimbi Group in terms of IFRS 10, Consolidated Financial Statements. The EmployeeCo Insimbi Shares Subscription Price will be funded by way of the EmployeeCo Preference Share Subscription and the EmployeeCo B Ordinary Shares Subscription and due to EmployeeCo being consolidated into Insimbi, the specific issue of the EmployeeCo Insimbi Subscription Shares to EmployeeCo will have no financial effect, other than expensing the transaction costs incurred and IFRS 2 share based payment charges that arise when the EmployeeCo Reciprocal Subscription Agreement is implemented. The shares legally issued to EmployeeCo will be treated as treasury shares for accounting purposes.

The EmployeeCo Transaction will be treated as an equity settled share based payment in terms of IFRS 2, Share based payments. The units granted to employees will be valued on the grant date and expensed in the Statement of Comprehensive Income over the vesting period. These shares issued to EmployeeCo will no longer be treated as treasury shares for accounting purposes when the vesting conditions of the units/linked shares have been met.

### ManCo Transaction

Insimbi currently consolidates Insimbi Alloy and TP Hentiq, and for accounting purposes, Insimbi will control ManCo and therefore this company will be consolidated into the Insimbi Group in terms of IFRS 10, Consolidated Financial Statements. The acquisition price of the ManCo Sale Shares will be funded by way of the ManCo Preference Share Subscription and the ManCo B Ordinary Shares Subscription, and due to ManCo being consolidated into Insimbi, the acquisition of the ManCo Sale Shares will have no financial effect, other than expensing the transaction costs incurred and IFRS 2 share based payment charges that arise when the ManCo Ordinary Share Subscription Agreements are implemented. The shares legally issued to ManCo will be treated as treasury shares for accounting purposes.

The ManCo Transaction will be treated as an equity settled share based payment in terms of IFRS 2, Share based payments. The units granted to employees will be valued on the grant date and expensed in the Statement of Comprehensive Income over the vesting period. These shares issued to ManCo will no longer be treated as treasury shares for accounting purposes when the vesting conditions of the units/linked shares have been met.

Employee description	Before <sup>1</sup>	<i>Pro forma</i>	<i>Pro forma</i>	<i>Pro forma</i>
		EmployeeCo Transaction	after ManCo Transaction	after the Transactions
Earnings and diluted earnings per shares (cents)	5.89	5.43	5.54	5.07
Headlines and diluted headline earnings per share (cents)	5.87	5.40	5.51	5.05
Weighted and diluted average number of shares ('000)	236,245	236,245	236,245	236,245
Net asset value per share (cents)	59.48	59.18	59.25	58.94
Net tangible asset value per share (cents)	36.57	36.27	36.34	36.03
Total Insimbi shares in issue ('000)	260,000	260,000	260,000	260,000
Treasury shares in issue ('000)	(23,930)	(23,930)	(23,930)	(23,930)
Number of shares in issue ('000)	236,070	236,070	236,070	236,070



**Notes:**

1. The "Before" column is based on the published unaudited consolidated condensed financial results of Insimbi for the six months ended 31 August 2015. The following financial information reported on SENS on 29 September 2015 was restated for purposes of presenting the Before position above due to incorrect underlying calculations applied when disclosing the financial information on SENS:

	<b>Reported on SENS on 29 September 2015</b>	<b>Restated before position</b>
Earnings and diluted earnings per shares (cents)	5.94	5.89
Headline and diluted headline earnings (cents)	5.91	5.87
Net asset value per share (cents)	59.26	59.48
Net tangible asset value per share (cents)	55.23	36.57

2. The Insimbi information reflected in the "Pro forma after the Transactions" column has been calculated on the basis that all of the steps to implement the EmployeeCo Transaction and the ManCo Transaction have been completed.
3. The effects on earnings, diluted earnings, headline earnings and diluted headline earnings are calculated on the basis that the Transactions were effective on 1 March 2015, while the effects on net asset value and net tangible asset value per share are calculated on the basis that the Transactions were effective on 31 August 2015.
4. The detailed notes and assumptions to the financial effects are presented in Annexure 1 and the *pro forma* financial effects should be read in conjunction with the *pro forma* consolidated statement of financial position and the *pro forma* consolidated statement of comprehensive income contained therein. The Independent Reporting Accountant's report on the *pro forma* financial effects and *pro forma* financial information is contained in Annexure 2.

**8. SHARE CAPITAL OF INSIMBI**

The share capital of Insimbi before and after the Transactions is set out in the table below.

**8.1 Share capital of Insimbi before and after the Transactions**

	<b>Rand</b>
<b>Before the Transactions</b>	
<b>Authorised</b>	
12 000 000 000 ordinary shares of 0.000025 per share	300 000
<b>Issued</b>	
260 000 000 ordinary shares of 0.000025 per share	0*
Share Premium	44 442 000
<b>Total</b>	<b>44 442 000</b>
Insimbi has 23 929 748 treasury shares in issue.	
<b>After the Transactions</b>	
<b>Authorised</b>	
12 000 000 000 ordinary shares of 0.000025 per share	300 000
<b>Issued</b>	
260 000 000* ordinary shares of 0.000025 per share	0*
Share premium	44 442 000
<b>Total</b>	<b>44 442 000</b>

Insimbi has 10 929 748 treasury shares in issue.

\* Share capital is less than R1 000

\* The EmployeeCo Insimbi Subscription Shares and the ManCo Insimbi Subscription Shares are issued to non-public shareholders. Issued share capital remains unchanged before and after the Transactions.

# CIRCULAR TO INSIMBI SHAREHOLDERS CONTINUED

## 8.2 Share trading history

Annexure 5 to this Circular contains the aggregate volume and the highest, lowest and closing prices of Insimbi shares traded on the JSE:

- for each month over the previous 12 months; and
- for each trading day during the 30-day period ended 17 March 2016, being the last practicable day before the finalisation of this Circular.

## 8.3 Share capital changes, issues of shares and repurchases of shares

There have been no consolidations or sub-division of Insimbi shares over the past three years.

The following shares were repurchased by Insimbi over the past three years:

Seller	Date of repurchase	Number of shares repurchased	Repurchase price	Consideration
TP Hentiq 6064 Proprietary Limited*	August 2014	5 000 000	R0.80	R4 150 004
General Repurchases	February 2013 – February 2016	10 361 417	R0.60#	R6 186 667

\* Shares issued to settle acquisition and the acquisition of additional shares in subsidiaries

# Average repurchase price for these shares during February 2013 – February 2016

## 9. PROSPECTS

Despite a challenging economic environment in South Africa, the Board and management is optimistic that as in previous years, opportunities will continue to present themselves and that the Company will be able to take advantage of these opportunities for the benefit of its stakeholders.

The Company remains confident that the South African government will react positively and promptly to ensure that its strategic South African assets, particularly in the steel and resource sectors, are given the opportunity to stabilise in the short term and return to operational and economic viability in the medium run. This confidence is supported by the recent implementation on import duties on certain grades of steel being imported into South Africa. A similar request for import tariffs on certain aluminum products has recently been made by Hulamin Limited. Insimbi hopes that these initiatives bring the stimulus these industries require as it will benefit not only those industries directly, but all their suppliers and other stakeholders.

Insimbi services mature industry segments in South Africa and these industries have not become “mature” industries without being resilient and successful over time and through the various cycles that any economy faces. This is Insimbi’s core business and it has proven its mettle over many decades and Insimbi will continue to look for sensible and profitable acquisitions to supplement its diverse and growing group while remaining optimistic about the future of the Company.

## 10. MAJOR SHAREHOLDERS

Insofar as is known to Insimbi, there are no major Insimbi shareholders (other than the directors and those shareholders whose interests are detailed in paragraph 10.1 below) that directly or indirectly beneficially hold 5% or more of the issued share capital of Insimbi as at the last practicable date and there will be no controlling shareholder in Insimbi as a result of the Transactions. Furthermore, there has been no change in trading objective or change in name.

### 10.1 Major shareholders before the Transactions

Those shareholders (excluding the directors whose interests are detailed in paragraph 10.1.1 below) who, before the Transactions will insofar as is known to Insimbi, directly or indirectly beneficially hold 5% or more of the issued share capital of Insimbi as set out below:

Shareholder	Number of shares	Shareholding Percentage (%)
Pruta Securities (Jersey) Limited	17 300 000	6.65
		<b>6.65</b>

**10.1.1 Directors' interest in securities (before the Transactions) are set out below:**

Shareholder	Direct beneficial	Percentage (%)	Indirect beneficial	Percentage (%)	Associates	Percentage (%)
CF Botha	45 047 000	17.33	–	–	250 000	0.10
PJ Schutte	45 197 000	17.38	–	–	312 500	0.12
F Botha	45 133 300	17.36	–	–	250 000	0.10
EP Liechti	45 047 000	17.33	–	–	250 000	0.10
DJ O'Connor	–	–	–	–	–	–
	<b>180 424 300</b>	<b>69.40</b>	<b>–</b>	<b>–</b>	<b>1 062 500</b>	<b>0.42</b>

In terms of paragraph 3.59 of the Listings Requirements, it was announced on SENS that Mr. DJ O'Connor retired as chairman and non-executive director of Insimbi at the General Meeting of the Company held on 25 June 2015 and has sold his interest in Insimbi's securities as set out in paragraph 10.1.1 above and paragraph 10.2.1 below.

**10.2 Major shareholders after the Transactions**

Those shareholders (excluding the directors whose interests are detailed in paragraph 10.2.1 below) who, after the Transactions will insofar as is known to Insimbi, directly or indirectly, beneficially hold 5% or more are set out below:

Shareholder	Number of shares	Shareholding Percentage (%)
EmployeeCo	13 000 000	5.00
Pruta Securities (Jersey) Limited	17 290 000	6.65
		<b>11.65</b>

**10.2.1 Directors' interest in securities (after the Transactions) are set out below:**

Shareholder	Direct beneficial	Percentage (%)	Indirect beneficial	Percentage (%)	Associates	Percentage (%)
CF Botha	45 047 000	17.33	–	–	250 000	0.10
PJ Schutte	45 197 000	17.38	–	–	312 500	0.12
F Botha	45 133 300	17.36	–	–	250 000	0.10
EP Liechti	45 047 000	17.33	–	–	250 000	0.10
DJ O'Connor	–	–	–	–	–	–
	<b>180 424 300</b>	<b>69.40</b>	<b>–</b>	<b>–</b>	<b>1 062 500</b>	<b>0.42</b>

The directors of Insimbi's major subsidiaries, namely Insimbi Alloy and Insimbi Aluminium Alloys are as follows:

- Insimbi Alloy: Frederik Botha, Colin Botha, Eddie Liechti, Pieter Schutte (alternate Stefan Roberts), Dudley de Beer (alternate Seamesh Rugbur); and
- Insimbi Aluminium Alloys: Frederik Botha, Colin Botha, Eddie Liechti, Pieter Schutte and Shaun Green.

**10.2.1.1 Directors' Fees**

There will be no variation in the fees receivable by any of the directors as a consequence of the implementation of the Transactions.

**10.2.1.2 Directors' interests in transactions**

No director including those who have resigned in the last 18 months has any beneficial interest, directly or indirectly in any transactions effected by Insimbi during the current or immediately preceding financial year, or during an earlier financial year and remains in any respect outstanding or underperformed.

# CIRCULAR TO INSIMBI SHAREHOLDERS CONTINUED

## 11. MATERIAL CHANGES

There have been no material changes in the trading or financial position of Insimbi and its subsidiaries since the publication of Insimbi's unaudited consolidated condensed financial results for the six months ended 31 August 2015 and the last practicable date. There has been no fresh issue of Insimbi shares in the previous three years.

## 12. MATERIAL CONTRACTS

Save for the Repurchase Agreement, EmployeeCo Reciprocal Agreement and ManCo Sale and Subscription Agreement contemplated in this Circular, the acquisition of TP Hentiq by way of a specific repurchase of shares as announced on SENS on 1 August 2014 and the acquisition of 75% of the issued ordinary share capital of Polydrum Proprietary Limited in July 2015 for a purchase consideration of R18 750 000 as announced on SENS on 9 July 2015. Polydrum Proprietary Limited is a plastic blow moulding business specialising in the blow moulding of a wide range of high quality and durable plastic products from plastic drums to swimming pool filters. Neither Insimbi nor its subsidiaries have entered into any material contract or otherwise than in the ordinary course of business within two years prior to this Circular, or entered into at any time and containing an obligation or settlement that is material to Insimbi or its subsidiaries at the date of this Circular.

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report for the year ended 28 February 2015 and the Company has had no material contingencies up to the date of the unaudited interim results for the six months ended 31 August 2015.

## 13. LITIGATION STATEMENT

There are no legal or arbitration proceedings, pending or threatened, of which the Group is aware, that may have or have had, in the 12 month period preceding the last practicable date, resulting in a material effect on the financial position of the Group.

## 14. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given in page 10, 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 the Circular contains all information required by law and the Listings Requirements.

## 15. EXPERTS' CONSENTS

The Transaction Advisor, Sponsor, Independent Reporting Accountants, Legal Advisor and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names being stated in this Circular and have not, prior to the last practicable date, withdrawn their consents prior to publication of this Circular.

## 16. COSTS

The total estimated costs of the Transactions, which amount to approximately R1 270 000 excluding VAT, are detailed in the table below:

	<b>Estimated amount (Rand)</b>
Sponsor – Bridge Capital	150 000
Transaction Advisor – Nodus Capital	700 000
Independent Reporting Accountant – PricewaterhouseCoopers Inc.	162 000
IFRS2 Valuation – Deloitte & Touche	53 000
Independent Legal Advisor – Webber Wentzel	120 000
JSE document inspection and listing fees	36 842
Printing and postage	30 000
Miscellaneous fees	18 158
<b>Total</b>	<b>1 270 000</b>

## 17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of the Company, 359 Crocker Road, Wadeville, Extension 4, Germiston and at the office of the Sponsor which address is set out in the "corporate information and advisors" section of the Circular, during normal business hours from 31 March 2016 up to and including Tuesday, 3 May 2016:

- a signed copy of this Circular;
- the Insimbi MOI;
- the EmployeeCo MOI;
- the ManCo MOI;
- the EmployeeCo Reciprocal Subscription Agreement;
- the ManCo Sale and Subscription Agreement;
- the Repurchase Agreement;
- the written consent letters referred to in paragraph 15 above;
- a copy of the service agreements with directors, managers and/or secretaries;
- the unaudited interim financial results for the six months ended 31 August 2015; and
- the audited annual financial statements for the years ended 28 February 2015, 28 February 2014 and 28 February 2013.

## 18. GENERAL MEETING

A General Meeting of Insimbi shareholders will be held on Tuesday, 3 May 2016 at the registered office of Insimbi, 359 Crocker Road, Wadeville, Extension 4, Germiston in order to consider and approve the resolutions set out in the notice of General Meeting included in this Circular.

A notice convening the General Meeting and a form of proxy for use by certificated shareholders and dematerialised shareholders with "own name" registration who are unable to attend the General Meeting, form part of this Circular.

Certificated shareholders and dematerialised shareholders with "own name" registration, who are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.

Dematerialised shareholders, other than dematerialised shareholders with "own name" registration, who:

- are unable to attend the General Meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein; and
- wish to attend the General Meeting, must instruct their CSDP or broker to issue them with the necessary written letter of representation to attend.

## SIGNED ON BEHALF OF THE BOARD



F Botha

*Financial Director*

31 March 2016

# ANNEXURE 1

## PRO FORMA FINANCIAL INFORMATION OF INSIMBI

The tables below set out the *pro forma* financial information of Insimbi based on the published unaudited consolidated condensed financial results for the six months ended 31 August 2015. The *pro forma* financial information has been prepared for illustrative purposes only and because of its *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Transactions going forward.

The *pro forma* financial information has been prepared to illustrate the impact of the Transactions, had they been effective 1 March 2015 for purposes of the consolidated statement of comprehensive income and on 31 August 2015 for purposes of the consolidated statement of financial position and on the assumptions set out below. It does not purport to be indicative of what the financial results would have been had the Transactions been implemented on a different date.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published unaudited consolidated condensed financial results of Insimbi for the six months ended 31 August 2015. The *pro forma* financial information is presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420 (Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus).

The directors of the Company are responsible for the compilation, contents and preparation of the *pro forma* financial information. Their responsibility includes determining that the *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Insimbi and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

The *pro forma* consolidated statement of financial position as at 31 August 2015 and the *pro forma* consolidated statement of comprehensive income for the six months then ended, should be read in conjunction with the Independent Reporting Accountant's report thereon contained in Annexure 2.

### ACCOUNTING TREATMENT

The accounting treatment of the Transactions is summarised in paragraph 7 of the Circular.

The *pro forma* consolidated statement of financial position adjacent presents the effects of the Transactions on the published unaudited consolidated condensed financial results for the six months ended 31 August 2015 on the assumption that the Transactions were effective on 31 August 2015.

*The definitions and interpretations commencing on page 6 of the Circular apply throughout this Annexure 1.*

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

at 31 August 2015

R'000	Before <sup>1</sup>	Transactions					
		EmployeeCo Transaction			ManCo Transaction		Pro forma after the Transactions
		Specific Re-purchase 2.1 – 2.3	Em- ployeeCo pro forma adjust- ments 3.1–3.2, 4	Pro forma after Em- ployeeCo Trans- action	ManCo pro forma adjust- ments 5.1 – 5.2, 6	Pro forma after ManCo Transaction	
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	111 286			111 286		111 286	111 286
Intangible assets	9 523			9 523		9 523	9 523
Goodwill	44 560			44 560		44 560	44 560
Deferred taxation	12 228			12 228		12 228	12 228
	<b>177 597</b>			<b>177 597</b>		<b>177 597</b>	<b>177 597</b>
<b>Current assets</b>							
Inventories	83 439			83 439		83 439	83 439
Derivative financial assets	2 347			2 347		2 347	2 347
Trade and other receivables	112 913			112 913		112 913	112 913
Cash and cash resources	11 176	–	(723)	10 453	(547)	10 629	9 906
	<b>209 875</b>	–	<b>(723)</b>	<b>209 152</b>	<b>(547)</b>	<b>209 328</b>	<b>208 605</b>
<b>Total assets</b>	<b>387 472</b>	–	<b>(723)</b>	<b>386 749</b>	<b>(547)</b>	<b>386 925</b>	<b>386 202</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Share capital	44 442	(8 190)	10 790	47 042		44 442	55 232
Reserves	21 503	–		21 503		21 503	21 503
Treasury shares	(15 035)	8 190	(10 790)	(17 635)		(15 035)	(25 825)
Retained income/(accumulated loss)	89 509		(723)	88 786	(547)	88 962	88 239
Share based payment reserve*	–			–		–	–
Non-controlling interest	(1 584)			(1 584)		(1 584)	(1 584)
	<b>138 835</b>	–	<b>(723)</b>	<b>138 112</b>	<b>(547)</b>	<b>138 288</b>	<b>137 565</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Other financial liabilities	37 870			37 870		37 870	37 870
Shareholder loans	4 606			4 606		4 606	4 606
Deferred taxation	18 638			18 638		18 638	18 638
	61 114			61 114		61 114	61 114
<b>Current liabilities</b>							
Other financial liabilities	27 559			27 559		27 559	27 559
Current taxation payable	1 939			1 939		1 939	1 939
Trade and other payables	138 217			138 217		138 217	138 217
Bank overdraft	19 808			19 808		19 808	19 808
	<b>187 523</b>			<b>187 523</b>		<b>187 523</b>	<b>187 523</b>
<b>Total liabilities</b>	<b>248 637</b>			<b>248 637</b>		<b>248 637</b>	<b>248 637</b>
<b>Total equity and liabilities</b>	<b>387 472</b>	–	<b>(723)</b>	<b>386 749</b>	<b>(547)</b>	<b>386 925</b>	<b>386 202</b>
Number of shares in issue at							
31 August 2015 ('000)	236 070			236 070		236 070	236 070
Numbers of ordinary shares in issue ('000)	260 000	(13 000)	13 000	260 000		260 000	260 000
Treasury shares in issue ('000)	(23 930)	13 000	(13 000)	(23 930)		(23 930)	(23 930)
Net asset value per share (cents)	59,48		(0,31)	59,18	(0,23)	59,25	58,94
Net tangible asset value per share (cents)	36,57		(0,31)	36,27	(0,23)	36,34	36,03

\*The IFRS 2 charge will systemically build up over the eight year vesting period

# ANNEXURE 1 CONTINUED

## NOTES:

1. The "Before" column is based on the published unaudited consolidated condensed financial results of Insimbi for the six months ended 31 August 2015. The following financial information reported on SENS on 29 September 2015 was restated for purposes of presenting the Before position above due to incorrect underlying calculations applied when disclosing the financial information on SENS:

	Reported on SENS on 29 September 2015	Restated before point
Net asset value per share (cents)	59.26	59.48
Net tangible asset value per share (cents)	55.23	36.57

## EmployeeCo Transaction

2. The "Specific Repurchase" column reflects the *pro forma* adjustments for the Specific Repurchase based on the following assumptions:
- 2.1 Relates to the following cash movements:

	R'000
Cash outflow on the Specific Repurchase by Insimbi of 13,000,000 ordinary shares held by Insimbi Alloy at a price of R0.63 per Repurchase Share.	(8,190)
Cash inflow to Insimbi Alloy on the proceeds of the Specific Repurchase.	8,190
<b>Net effect on cash and cash equivalents</b>	<b>–</b>

- 2.2 Relates to the change in ordinary shareholders' equity as follows:

	R'000
Share capital is reduced for the impact of the Specific Repurchase following the delisting and cancellation of the Repurchase Shares.	(8,190)
Treasury shares are reduced following the disposal by Insimbi Alloy of the Repurchase Shares.	8,190
<b>Net effect on cash and cash equivalents</b>	<b>–</b>

- 2.3 Shares in issue at 31 August 2015 remain unchanged following the delisting and cancellation of the Repurchase Shares, since the Repurchase Shares owned by Insimbi Alloy were treated as treasury shares for accounting purposes prior to the Specific Repurchase.

3. The "EmployeeCo *pro forma* adjustments" column reflects the *pro forma* adjustments for the EmployeeCo Transaction based on the following assumptions:

- 3.1 Relates to the following cash movements:

	R'000
Cash inflow on the specific issue of 13 000 000 EmployeeCo Insimbi Subscription Shares to EmployeeCo at a price of R0.83 per share for an aggregate amount of R10 790 000.	10,790
Cash outflow on the subscription by Insimbi of one EmployeeCo Subscription Preference Share in EmployeeCo for an aggregate amount of R10 789 000.	(10,789)
Cash outflow on the subscription by Insimbi of 1 000 Employee Subscription B Ordinary Shares at a price of R1.00 in EmployeeCo for an aggregate amount of R1 000.	(1)
Estimated transaction costs are settled from cash and cash equivalents.	(723)
<b>Net effect on cash and cash equivalents</b>	<b>(723)</b>



3.2 Relates to the change in ordinary shareholders' equity as follows:

	R'000
Increase in share capital upon the issue of 13 000 000 EmployeeCo Insimbi Subscription Shares to EmployeeCo at a price of R0.83 per share.	10,790
The EmployeeCo Insimbi Subscription Shares issued to EmployeeCo are treated as treasury shares for accounting purposes.	(10,790)
Estimated transaction costs.	(723)
<b>Net effect on ordinary shareholders' equity</b>	<b>(723)</b>

Other than transaction costs, the EmployeeCo Transaction will have no financial effect on the statement of financial position on the day of implementation as EmployeeCo will be consolidated by the Insimbi Group, resulting in the EmployeeCo Insimbi Subscription Shares held by EmployeeCo being classified as treasury shares for accounting purposes, and the related subscription by Insimbi of one EmployeeCo Subscription Preference Share and 1 000 Employee Subscription B Ordinary Shares in EmployeeCo eliminating on consolidation.

4. Shares in issue at 31 August 2015 remain unchanged since the EmployeeCo Insimbi Subscription Shares owned by EmployeeCo are treated as treasury shares for accounting purposes.

#### ManCo Transaction

5. The "ManCo *pro forma* adjustments column reflects the *pro forma* adjustments for the ManCo Transaction based on the following assumptions:

5.1 Relates to the following cash movements:

	R'000
Cash outflow on subscription by Insimbi of one ManCo Subscription Preference Share in ManCo for an aggregate amount of R7 045 609.	(7,046)
Cash outflow on subscription by Insimbi of 1 000 ManCo Subscription B Ordinary Shares at a price of R1.00 in ManCo for an aggregate amount of R1 000.	(1)
Cash inflow on the sale of 5 000 000 TP Hentiq Sale Shares to ManCo from TP Hentiq at a price of R0.80 per share for an aggregate amount of R4 000 000.	4,000
Cash inflow on the sale of 4 835 887 Insimbi Alloy Sale Shares to ManCo from Insimbi Alloy at a price of R0.63 per share for an aggregate amount of R3 046 609.	3,047
Estimated transaction costs are settled from cash and cash equivalents.	(547)
<b>Net effect on cash and cash equivalents</b>	<b>(547)</b>

5.2 Relates to the change in ordinary shareholders' equity as follows:

	R'000
Estimated transaction costs	(547)
<b>Net effect on ordinary shareholders' equity</b>	<b>(547)</b>

Other than transaction costs, the ManCo Transaction will have no financial effect on the statement of financial position on the day of implementation as ManCo will be consolidated by the Insimbi Group, resulting in the ManCo Sale Shares held by ManCo being classified as treasury shares for accounting purposes, and the related subscription by Insimbi of one ManCo Subscription Preference Share and 1 000 ManCo Subscription "B" Ordinary Shares in EmployeeCo, eliminating on consolidation.

6. Shares in issue at 31 August 2015 remain unchanged since the shares owned by ManCo are treated as treasury shares for accounting purposes.

# ANNEXURE 1 CONTINUED

The *pro forma* consolidated statement of comprehensive income below presents the effects of the Transactions on the published unaudited consolidated condensed financial results for the six months ended 31 August 2015 on the assumption that the Transactions were effective 1 March 2015.

## PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 August 2015

R'000	Before <sup>1</sup>	Transactions					Pro forma after the Transactions
		EmployeeCo Transaction Specific Re-purchase 2	Em- ployeeCo pro forma adjust- ments 3.1-3.4	Pro forma after Em- ployeeCo Trans- action	ManCo pro forma adjust- ments 4.1 - 4.4	ManCo Transaction Pro forma after ManCo Transaction	
<b>Continuing operations</b>							
Revenue	493 214			493 214	-	493 214	493 214
Cost of sales	(433 447)			(433 447)	-	(433 447)	(433 447)
<b>Gross profit</b>	<b>59 767</b>			<b>59 767</b>	<b>-</b>	<b>59 767</b>	<b>59 767</b>
Other income	243			243	-	243	243
Operating expenses	(38 306)		(1 089)	(39 395)	(836)	(39 142)	(40 231)
<b>Operating profit/(loss)</b>	<b>21 704</b>		<b>(1 089)</b>	<b>20 615</b>	<b>(836)</b>	<b>20 868</b>	<b>19 779</b>
Investment revenue	29			29		29	29
Finance cost	(3 499)		(19)	(3 518)	(14)	(3 513)	(3 532)
<b>Profit before taxation</b>	<b>18 234</b>		<b>(1 108)</b>	<b>17 126</b>	<b>(850)</b>	<b>17 384</b>	<b>16 276</b>
Taxation	(4 207)		5	(4 202)	4	(4 203)	(4 198)
<b>Profit for the year</b>	<b>14 027</b>		<b>(1 103)</b>	<b>12 924</b>	<b>(846)</b>	<b>13 181</b>	<b>12 078</b>
Profit attributable to:							
Owners of the parent	13 924		(1 103)	12 821	(846)	13 078	11 975
Non-controlling interest	103		-	103	-	103	103
<b>Profit for the year</b>	<b>14 027</b>		<b>(1 103)</b>	<b>12 924</b>	<b>(846)</b>	<b>13 181</b>	<b>12 078</b>
<b>Other comprehensive income for the year net of taxation</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>14 027</b>		<b>(1 103)</b>	<b>12 924</b>	<b>(846)</b>	<b>13 181</b>	<b>12 078</b>
Total comprehensive income attributable to							
Owners of parent:	13 924		(1 103)	12 821	(846)	13 078	11 975
Non-controlling interests	103		-	103	-	103	103
<b>Reconciliation between basic earnings and headline earnings</b>							
Basic earnings	13 924		(1 103)	12 821	(846)	13 078	11 975
Loss on sale of assets	(55)		-	(55)	-	(55)	(55)
<b>Headline earnings</b>	<b>13 869</b>		<b>(1 103)</b>	<b>12 766</b>	<b>(846)</b>	<b>13 023</b>	<b>11 920</b>
Equity settled IFRS2 charge	-		366	366	289	289	655
<b>Core headline earnings</b>	<b>13 869</b>		<b>(737)</b>	<b>13 132</b>	<b>(557)</b>	<b>13 312</b>	<b>12 575</b>
Weighted and diluted average number of shares ('000)	236 245	-	-	236 245	-	236 245	236 245
Earnings per share (cents)	5,89		(0,47)	5,43	(0,36)	5,54	5,07
Diluted earnings per share (cents)	5,89		(0,47)	5,43	(0,36)	5,54	5,07
Headline earnings per share (cents)	5,87		(0,47)	5,40	(0,36)	5,51	5,05
Diluted headline earnings per share (cents)	5,87		(0,42)	5,40	(0,36)	5,51	5,05

**NOTES:**

1. The "Before" column is based on the published unaudited consolidated condensed financial results of Insimbi for the six months ended 31 August 2015. The following financial information reported on SENS on 29 September 2015 was restated for purposes of presenting the Before position above due to incorrect underlying calculations applied when disclosing the financial information on SENS:

	<b>Reported on SENS on 29 September 2015</b>	<b>New before point</b>
Earnings and diluted earnings per shares (cents)	5.94	5.89
Headline and diluted headline earnings (cents)	5.91	5.87

**EmployeeCo Transaction**

2. The Specific Repurchase will have no financial effect on the statement of comprehensive income following the delisting and cancellation of the Repurchase Shares, since the Repurchase Shares owned by Insimbi Alloy were treated as treasury shares for accounting purposes prior to the Specific Repurchase.
3. The "EmployeeCo *pro forma* adjustments" column reflects the *pro forma* adjustments for the EmployeeCo Transaction based on the following assumptions:
- 3.1 Operating expenses are adjusted as follows:

	<b>R'000</b>
Relates to the estimated transaction costs. These costs are once-off and have been assumed to be non-tax deductible.	(723)
The EmployeeCo Transaction will be treated as an equity settled share based payment scheme in terms of IFRS 2: Share based payments, measured at the fair value of the equity instruments granted on the grant date. On an annual basis, an IFRS 2 expense will be recognised over the remaining vesting period (assumed to be eight years for purpose of calculating the <i>pro forma</i> financial effects) with a corresponding increase in the share based payment reserve to be recognised in ordinary shareholders' equity.	(366)
The scheme has been valued using option pricing methodologies with the following key inputs:	
• Strike price: R0.83	
• Market price: R1.00	
• Volatility: 67.9%	
• Risk free rate: 8.36%	
• Dividend yield: 12.04%	
<b>Net effect on cash and cash equivalents</b>	<b>(1,089)</b>

- 3.2 Finance income is reduced by R18 623 due to the reduction in cash balances as a result of settling the assumed transaction costs of R723 235, calculated at an assumed interest rate of 5.15%, being the yearly average money market rate. Tax is adjusted accordingly.
- 3.3 The calculation of diluted earnings and diluted headline earnings per share at reporting dates is based on the number of shares to be issued for no consideration. This is calculated as the difference between the average market price of the Insimbi shares for the period, less the value of the consideration receivable at the reporting date and the remainder of un-expensed share-based payment charges. Based on the aforementioned principles, there is currently no diluting effect.
- 3.4 In terms of IFRS, Insimbi controls EmployeeCo and therefore EmployeeCo is consolidated into the Insimbi Group, thereby eliminating any preference dividends. The EmployeeCo Insimbi Subscription Shares legally issued to EmployeeCo are treated as treasury shares for accounting purposes.

# ANNEXURE 1 CONTINUED

## ManCo Transaction

4. The "ManCo *pro forma* adjustments" column reflects the *pro forma* adjustments for the ManCo Transaction based on the following assumptions:

4.1 Operating expenses are adjusted as follows:

	R'000
Relates to the estimated transaction costs. These costs are once-off and have been assumed to be non-tax deductible.	(547)
The ManCo Transaction will be treated as an equity settled share based payment in terms of IFRS 2: Share based payments, measured at the fair value of the equity instruments granted on the grant date. On an annual basis, an IFRS 2 expense will be recognised over the remaining vesting period (assumed to be eight years for purpose of calculating the <i>pro forma</i> financial effects) with a corresponding increase in the share based payment reserve to be recognised in ordinary shareholders' equity.	(289)
The scheme has been valued using option pricing methodologies with the following key inputs:	
• Strike price: R0.63 & R0.80	
• Market price: R1	
• Volatility: 67.9%	
• Risk free rate: 8.36%	
• Dividend yield: 12.04%	
<b>Net effect on cash and cash equivalents</b>	<b>(836)</b>

4.2 Finance income is reduced by R14 079 due to the reduction in cash balances as a result of settling the assumed transaction costs of R546 765, calculated at an assumed interest rate of 5.15%, being the yearly average money market rate. Tax is adjusted accordingly.

4.3 The calculation of diluted earnings and diluted headline earnings per share at reporting dates is based on the number of shares to be issued for no consideration. This is calculated as the difference between the average market price of the Insimbi shares for the period, less the value of the consideration receivable at the reporting date and the remainder of un-expensed share-based payment charges. Based on the aforementioned principles, there is currently no diluting effect.

4.4 In terms of IFRS, Insimbi controls ManCo and therefore ManCo is consolidated into the Insimbi Group, thereby eliminating any preference dividends. The ManCo Insimbi Subscription Shares legally issued to ManCo are treated as treasury shares for accounting purposes.

5. All effects are of a recurring nature except where otherwise noted.

## INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF INSIMBI

"The Board  
Insimbi Refractory and Alloy Supplies Limited  
359 Crocker Road  
Wadeville  
Extension 4  
Germiston  
South Africa

18 March 2016

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF INSIMBI REFRACTORY AND ALLOY SUPPLIES LIMITED ("INSIMBI" OR "THE COMPANY")

#### Introduction

Insimbi Refractory and Alloy Supplies Limited ("Insimbi" or "the Company") is issuing a circular to its shareholders ("the Circular") regarding:

- the repurchase of 13 000 000 ordinary shares held by Insimbi Alloy and the specific issue of 13 000 000 new Insimbi shares to EmployeeCo ("EmployeeCo Transaction"); and
- the purchase of 5 000 000 Insimbi shares by ManCo from TP Hentiq and the purchase of 4 835 887 shares by Manco from Insimbi Alloy ("ManCo Transaction")

(collectively "the Transactions").

At your request and for the purposes of the Circular to be dated on or about 31 March 2016, we present our assurance report on the compilation of the *pro forma* financial information of Insimbi by the directors. The *pro forma* financial information, presented in paragraph 7 and Annexure 1 to the Circular, consists of the *pro forma* consolidated statement of financial position as at 31 August 2015, the *pro forma* consolidated statement of comprehensive income for the six months ended 31 August 2015 and the *pro forma* financial effects ("the *Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the Listings Requirements.

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Transactions on the Company's reported financial position as at 31 August 2015, and the Company's financial performance for the six months then ended, as if the Transactions had taken place at 31 August 2015 and for the six months then ended, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's published unaudited consolidated condensed financial results for the six months ended 31 August 2015.

#### Directors' responsibility

The directors of Insimbi are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 7 and Annexure 1. The directors of Insimbi are also responsible for the financial information from which it has been prepared.

#### Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we comply with ethical requirements and plan

*The definitions and interpretations commencing on page 6 of the Circular apply throughout this Annexure 2.*

## ANNEXURE 2 CONTINUED

and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

### OPINION

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 7 and Annexure 1 of the Circular.



PricewaterhouseCoopers Inc.

Director: Megan Naidoo

Registered Auditor

Sunninghill

18 March 2016"

## SALIENT FEATURES OF THE EMPLOYEECO MOI

The salient features of the EmployeeCo MOI are set out below:

### 1. Authorised share capital:

- 1.1 1 000 000 "A" ordinary shares with no par value;
  - 1.2 10 000 "B" ordinary shares with no par value; and
  - 1.3 10 non-convertible cumulative redeemable preference shares of no par value.
2. "A" ordinary shares and "B" ordinary shares rank pari passu in all respects, save for differences in their rights relating to restrictions on transfer, pre-emptive rights and forced sales.
  3. Valuation Model – the model used to determine a fair market value per ordinary share, being a function of the value of EmployeeCo's shareholding interest in Insimbi, the value of the preference shares in the issued share capital of EmployeeCo, potential capital gains tax and other liabilities of EmployeeCo. The model is set out in Schedule 2 of the EmployeeCo MOI and shall be updated on an annual basis by no later than 1 July each year based on the audited annual financial statements of Insimbi as at 28/29 February of that year.
  4. The issue of additional shares requires the approval of the holder of preference shares.
  5. Quorum requirement for shareholders' meetings: 60% of shares in the issued share capital, provided that, for so long as Insimbi holds at least 5% of the ordinary shares, it is present.
  6. Ordinary resolutions require support of more than 50% of the voting rights exercised on the resolution.
  7. Special resolutions require support of at least 75% of the voting rights exercised on the resolution, provided that the "B" shareholder votes in favour of such resolution. In addition to the matters contemplated in the Companies Act, matters which require approval by way of a special resolution include a material change to the Valuation Model, the establishment or acquisition of other businesses, any funding to be provided by the shareholders, material asset disposals, the conclusion of contracts outside the ordinary course of business and the furnishing of any encumbrances over the assets of EmployeeCo. A special resolution is not required to approve the exercise by EmployeeCo of its voting rights in respect of its shares in Insimbi.
  8. Various matters require approval by special resolution of EmployeeCo's shareholders, including any disposal of EmployeeCo's shareholding interest in Insimbi, or part thereof (other than a sale pursuant to the put option at fair value determined in accordance with the Valuation Model) and any material change to the Valuation Model.
  9. The board of directors of EmployeeCo shall consist of a minimum of three and a maximum of six directors who shall be elected by the shareholders, provided that Insimbi shall, for so long as it holds any ordinary shares, be entitled to appoint and remove one director as contemplated in section 66(4)(a)(i) of the Companies Act.
  10. EmployeeCo shall not declare any dividends to the holders of ordinary shares, until such time as all outstanding dividends declared or deemed to be declared in respect of the preference shares have been paid in full.

### 11. Restrictions on transfer:

- 11.1 no shareholder shall pledge, cede or otherwise encumber any of his shares or shareholders' loans;
- 11.2 during the first 60 months following the date of issue, no "A" shareholder may dispose of any "A" ordinary shares, otherwise than pursuant to the forced sale or call option provisions referred to below;
- 11.3 after such 60 month period, an "A" shareholder may dispose of up to one third of his "A" ordinary shares subject to the other provisions of the MOI, including the pre-emptive rights, the put option and the call option referred to below;
- 11.4 after a period of 72 months following the date of issue, an "A" shareholder may dispose of up to two thirds of his "A" ordinary shares, subject to the other provisions of the MOI, including the pre-emptive rights, the put option and the call option referred to below;

*The definitions and interpretations commencing on page 6 of the Circular apply throughout this Annexure 3.*

## ANNEXURE 3 CONTINUED

- 11.5 after a period of 84 months following the date of issue, an "A" shareholder may sell any of his "A" ordinary shares, subject to the other provisions of the MOI, including the pre-emptive rights, the put option and the call option referred to below;
- 11.6 a "B" shareholder may at any time sell any "B" ordinary shares, but only to a then current employee of Insimbi or to a trust or other entity nominated to hold such shares or interest on behalf of any number of employees of Insimbi; and
- 11.7 the shareholders may only sell any of their shares if, in the same transaction, they sell a proportionate part of their shareholders' loans (if any).

### 12. Forced sales:

- 12.1 if a shareholder resigns or is dismissed from employment with Insimbi (other than a dismissal based on the operational requirements of Insimbi), he is deemed to have offered his shares to the "B" shareholder or its nominee at a price of R0.01 per share; and
- 12.2 if a shareholder dies, retires from employment on or after reaching the prescribed retirement age or is dismissed based on the operational requirements of Insimbi, he is deemed to have offered his shares to the "B" shareholder or its nominee at the price set as the price per share for the relevant financial year in accordance with the Valuation Model.

### 13. Put option:

- 13.1 the holders of "A" ordinary shares have a put option to require EmployeeCo or its nominee to purchase all their "A" ordinary shares;
- 13.2 the put option is exercisable by a holder of "A" ordinary shares, provided that it is still in the employ of Insimbi at the time:
  - 13.2.1 at any time after a period of 60 months from the date of issue, in respect of up to one third of his "A" ordinary shares;
  - 13.2.2 at any time after a period of 72 months from the date of issue, in respect of up to two thirds of his "A" ordinary shares;
  - 13.2.3 at any time after a period of 84 months from the date of issue, in respect of any number of his "A" ordinary shares; and
- 13.3 the price shall be the price set as the price per share for the relevant financial year in accordance with the Valuation Model and shall be payable by EmployeeCo in exchange for the transfer of Insimbi shares held by EmployeeCo, unless otherwise agreed.

### 14. Call option:

- 14.1 The "B" shareholder has a call option to purchase from the "A" shareholders their "A" ordinary shares, which call option is exercisable by the "B" shareholder or its nominee on seven days' written notice to that effect to the relevant shareholders, provided that there is no impediment to its exercise of the call option pursuant to section 48(2)(b) or otherwise under the Companies Act or if there is such impediment the call option may be exercised by an employee of Insimbi or nominee of the "B" shareholder designated for such purpose in writing by the "B" shareholder; and
- 14.2 the price shall be the price set as the price per share for the relevant financial year in accordance with the Valuation Model and shall be payable by Insimbi in exchange for the issue of Insimbi shares, unless otherwise agreed.

### 15. Preference shares:

- 15.1 The preference share shall be entitled to a cumulative preference dividend out of the net income of EmployeeCo available for distribution arising from EmployeeCo's shareholding interest in Insimbi during the relevant dividend period, equal to 80% of net income;
- 15.2 The Company shall be entitled but not obliged, at any time after payment in full of all accrued but unpaid preference dividends, to apply all further available cash (after provision for Taxes (both existing and reasonably anticipated)) held by it from time to time to redeem some or all of the Preference Shares at the redemption amount, subject to compliance with the Companies Act and provided that it passes the Solvency and Liquidity Test. For purposes hereof, the Company shall be obliged to furnish the Holder with all information required by the Holder relating to the availability or otherwise of such cash;
- 15.3 after the expiry of period of five years from the date of issue, the holder shall be entitled to require EmployeeCo to redeem the preference shares; and
- 15.4 holders of preference shares shall be entitled to receive notice of and be present at any shareholders' meetings of EmployeeCo but not to vote in respect of the preference shares unless, amongst others, a resolution is proposed which directly affects any of the rights or privileges attaching to the preference shares or the interest of the holder, including the disposal of a material part of the assets of EmployeeCo and any amendment to the EmployeeCo MOI.

The above is merely a summary of certain provisions of the EmployeeCo MOI which may be of interest to shareholders of Insimbi and is not intended to be a comprehensive review of the EmployeeCo MOI, a copy of which is available for inspection.



## SALIENT FEATURES OF THE MANCO MOI

The salient features of the ManCo MOI are set out below:

### 1. Authorised share capital:

- 1.1 1 000 000 "A" ordinary shares with no par value;
  - 1.2 10 000 "B" ordinary shares with no par value; and
  - 1.3 10 non-convertible cumulative redeemable preference shares of no par value.
2. any additional shares are created, allotted or issued by the Company which rank pari passu or in priority to the Preference Shares.
  3. Valuation Model – the model used to determine a fair market value per ordinary share, being a function of the value of ManCo's shareholding interest in Insimbi, the value of the preference shares in the issued share capital of ManCo, potential capital gains tax and other liabilities of ManCo. The model is set out in Schedule 2 of the ManCo MOI and shall be updated on an annual basis by no later than 1 July each year based on the audited annual financial statements of Insimbi as at 28/29 February of that year.
  4. The issue of additional shares requires the approval of the holder of the preference shares and the "B" ordinary shares.
  5. Unless agreed otherwise in writing by all the shareholders, there shall be no quorum at any meetings of the board of directors of ManCo unless at least such number of directors, who between them are entitled to exercise not less than 60% of the total votes which would be exercisable at a meeting attended by all the directors, are present (provided that, for so long as Insimbi holds any ordinary shares, the director appointed by Insimbi is present).
  6. Ordinary resolutions require support of more than 50% of the voting rights exercised on the resolution.
  7. Special resolutions require support of at least 75% of the voting rights exercised on the resolution, provided that the "B" shareholder votes in favour of such resolution. In addition to the matters contemplated in the Companies Act, matters which require approval by way of a special resolution include a material change to the Valuation Model, the establishment or acquisition of other businesses, any funding to be provided by the shareholders, material asset disposals, the conclusion of contracts outside the ordinary course of business and the furnishing of any encumbrances over the assets of ManCo. A special resolution is not required to approve the exercise by ManCo of its voting rights in respect of its shares in Insimbi.
  8. Various matters require approval by special resolution of ManCo's shareholders, including any disposal of ManCo's shareholding interest in Insimbi, or part thereof (other than a sale pursuant to the put option referred to in 14.3 below at fair value determined in accordance with the Valuation Model) and any material change to the Valuation Model.
  9. The board of directors of ManCo shall consist of a minimum of three and a maximum of six directors who shall be elected by the shareholders, provided that Insimbi shall, for so long as it holds any ordinary shares, be entitled to appoint and remove one director as contemplated in section 66(4)(a)(i) of the Companies Act.
  10. ManCo shall not declare any dividends to the holders of ordinary shares, until such time as all outstanding dividends declared or deemed to be declared in respect of the preference shares have been paid in full.

### 11. Restrictions on transfer:

- 11.1 no shareholder shall pledge, cede or otherwise encumber any of his shares or shareholders' loans;
- 11.2 during the first 60 months following the date of issue, no "A" shareholder may dispose of any "A" ordinary shares, otherwise than pursuant to the forced sale or call option provisions referred to below;
- 11.3 after such 60 month period, an "A" shareholder may dispose of up to one third of his "A" ordinary shares subject to the other provisions of the MOI, including the pre-emptive rights, the put option and the call option referred to below;
- 11.4 after a period of 72 months following the date of issue, an "A" shareholder may dispose of up to two thirds of his "A" ordinary shares, subject to the other provisions of the MOI, including the pre-emptive rights, the put option and the call option referred to below;

*The definitions and interpretations commencing on page 6 of the Circular apply throughout this Annexure 4.*

## ANNEXURE 4 CONTINUED

- 11.5 after a period of 84 months following the date of issue, an "A" shareholder may sell any of his "A" ordinary shares, subject to the other provisions of the MOI, including the pre-emptive rights, the put option and the call option referred to below;
- 11.6 a "B" shareholder may at any time sell any "B" ordinary shares, but only to a then current employee of Insimbi or to a trust or other entity nominated to hold such shares or interest on behalf of any number of employees of Insimbi; and
- 11.7 the shareholders may only sell any of their shares if, in the same transaction, they sell a proportionate part of their shareholders' loans (if any).

### 12. Forced sales:

- 12.1 if a shareholder resigns or is dismissed from employment with Insimbi (other than a dismissal based on the operational requirements of Insimbi), he is deemed to have offered his shares to the "B" shareholder or its nominee at a price of R0.01 per share; and
- 12.2 if a shareholder dies, retires from employment on or after reaching the prescribed retirement age or is dismissed based on the operational requirements of Insimbi, he is deemed to have offered his shares to the "B" shareholder or its nominee at the price set as the price per share for the relevant financial year in accordance with the Valuation Model.

### 13. Put option:

- 13.1 each holder of "A" ordinary shares has the right and option to require the Company or its nominee to repurchase from such "A" shareholder all of its "A" ordinary shares and all of its shareholders' loans, if any.
- 13.2 the Put Option may be exercised by a holder of ordinary shares giving written notice to the Company of its intention to exercise the Put Option provided that the relevant holder of such ordinary shares is in the employ of Insimbi at the time:
  - 13.2.1 at any time after a period of 60 months from the date of issue, in respect of up to one third of his "A" ordinary shares;
  - 13.2.2 at any time after a period of 72 months from the date of issue, in respect of up to two thirds of his "A" ordinary shares;
  - 13.2.3 at any time after a period of 84 months from the date of issue, in respect of any number of his "A" ordinary shares; and
- 13.3 the price shall be the price set as the price per share for the relevant financial year in accordance with the Valuation Model and shall be payable by ManCo in exchange for the transfer of Insimbi shares held by ManCo, unless otherwise agreed.

### 14. Call option:

- 14.1 The "B" shareholder has a call option to purchase from the "A" shareholders their "A" ordinary shares, which call option is exercisable by the "B" shareholder or its nominee on seven days' written notice to that effect to the relevant shareholders, provided that there is no impediment to its exercise of the call option pursuant to section 48(2)(b) or otherwise under the Companies Act or if there is such impediment the call option may be exercised by an employee of Insimbi or nominee of the "B" shareholder designated for such purpose in writing by the "B" shareholder; and
- 14.2 The price shall be the price set as the price per share for the relevant financial year in accordance with the Valuation Model and shall be payable by Insimbi in exchange for the issue of Insimbi shares, unless otherwise agreed.

### 15. Preference shares:

- 15.1 The preference share shall be entitled to a cumulative preference dividend out of the net income of ManCo available for distribution arising from ManCo's shareholding interest in Insimbi during the relevant dividend period, equal to 80% of net income;
- 15.2 ManCo shall be entitled, but not obliged, to redeem some or all of the preference shares at any time for the aggregate of the subscription price plus any unpaid preference dividends, provided that it passes the Solvency and Liquidity Test in section 4 of the Companies Act;
- 15.3 after the expiry of period of five years from the date of issue, the holder shall be entitled to require ManCo to redeem the preference shares; and
- 15.4 holders of preference shares shall be entitled to receive notice of and be present at any shareholders' meetings of ManCo but not to vote in respect of the preference shares unless, amongst others, a resolution is proposed which directly affects any of the rights or privileges attaching to the preference shares or the interest of the holder, including the disposal of a material part of the assets of ManCo and any amendments to the ManCo MOI.

The above is merely a summary of certain provisions of the ManCo MOI which may be of interest to shareholders of Insimbi and is not intended to be a comprehensive review of the ManCo MOI, a copy of which is available for inspection.

## SHARE TRADING HISTORY OF INSIMBI

Set out below is a table showing the aggregate volumes and values traded and highest, lowest and closing prices traded in Insimbi shares for:

- each month over the 12 months prior to the date of issue of this Circular; and
- each day over the 30 days preceding the last practicable date.

MONTH ENDED	High (cents)	Low (cents)	Close (cents)	Volume (Insimbi Shares)	Value (Rands)
<b>2016</b>					
February	112	91	110	514 784	522 944
January	110	86	110	711 160	688 995
<b>2015</b>					
December	88	79	88	623 064	527 000
November	84	70	70	19 651	15 649
October	85	80	83	342 737	288 865
September	87	40	80	12 611 328	8 899 786
August	80	75	75	273 036	211 464
July	79	61	79	783 454	550 989
June	72	61	72	555 200	384 640
May	69	52	60	347 235	228 661
April	69	60	65	481 499	309 349
March	70	56	65	798 541	536 714
<b>DAY ENDED</b>					
17 March 2016	116	116	116	137	158
16 March 2016	116	116	116	7 639	6 586
15 March 2016	116	116	116	3 624	4 203
14 March 2016	116	115	116	21 387	18 524
11 March 2016	105	105	105	5 750	5 477
10 March 2016	115	115	115	1 298	1 129
9 March 2016	106	105	105	4 765	4 500
8 March 2016	106	106	106	489	462
7 March 2016	112	112	112	4 034	3 602
4 March 2016	112	112	112	4 034	3 602
3 March 2016	112	100	103	–	–
2 March 2016	112	100	103	32 549	32 300
2 March 2016	112	100	103	32 549	32 300
1 March 2016	110	108	110	–	–
1 March 2016	110	108	110	–	–
29 February 2016	110	108	110	18 369	16 868
29 February 2016	110	108	110	16 868	18 369
26 February 2016	108	108	108	918	850
25 February 2016	108	108	108	–	–
24 February 2016	108	108	108	3 240	3 000
23 February 2016	108	107	108	–	–
22 February 2016	108	107	108	643	600
19 February 2016	106	102	106	42 154	40 170
18 February 2016	106	106	106	21 200	20 000
17 February 2016	105	105	105	2 100	2 000
16 February 2016	110	108	108	–	–
15 February 2016	110	108	108	18 316	16 700
12 February 2016	110	103	110	14 432	13 757
11 February 2016	112	103	103	12 299	11 785
10 February 2016	107	100	107	37 562	36 135

Source: INET BFA

The definitions and interpretations commencing on page 6 of the Circular apply throughout this Annexure 5.

# NOTICE OF GENERAL MEETING



INSIMBI REFRACTORY AND ALLOY SUPPLIES LIMITED  
(Incorporated in the Republic of South Africa) (Registration number 2002/029821/06)  
Share code: ISB ISIN: ZAE000116828 ("Insimbi" or "the Company" or "the Group")

## NOTICE OF GENERAL MEETING

**If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.**

Notice is hereby given that a General Meeting of shareholders of the Company will be held at 11:00 on Tuesday, 3 May 2016 at the registered office of Insimbi, 359 Crocker Road, Wadeville, Extension 4, Germiston, South Africa, to consider, and if deemed fit, to pass, with or without modification, the special and ordinary resolutions set out hereunder.

The Board has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the General Meeting is Friday, 22 April 2016. Accordingly, the last day to trade in Insimbi shares in order to be recorded in the Company's securities register to be entitled to vote will be Friday, 15 April 2016.

### **SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE SPECIFIC REPURCHASE**

"RESOLVED THAT, subject to the passing of Ordinary Resolution Number 1 and Special Resolution Numbers 2 and 3, as a specific authority, the repurchase by Insimbi of up to 13 000 000 ordinary par value shares of R0.000025 each in Insimbi ("Repurchase Shares") at a price of 0.63 per Repurchase Share from Insimbi Alloy in accordance with the share repurchase agreement entered into between Insimbi and Insimbi Alloy on 26 February 2016, a copy of which has been tabled at this General Meeting and initialed by the Chairperson of the General Meeting for purposes of identification ("Repurchase Agreement"), be and is hereby approved."

#### **Explanatory note**

In terms of the Listings Requirements read with the Companies Act, Special Resolution Number 1 requires the approval of a 75% (seventy five percent) majority of the votes cast in favour thereof by all shareholders present or represented by proxy at the General Meeting, excluding any parties and their associates participating in the Repurchase Agreement.

### **ORDINARY RESOLUTION NUMBER 1 – EMPLOYEECO SPECIFIC ISSUE FOR CASH**

"RESOLVED THAT, subject to the passing of Special Resolution Number 2, the specific issue of 13 000 000 ordinary par value shares of R0.000025 each in Insimbi ("EmployeeCo Subscription Shares") to Insimbi EmployeeCo Proprietary Limited ("EmployeeCo") for a subscription price of R0.83 per share resulting in a total subscription consideration of R10 790 000 ("EmployeeCo Specific Issue"), in accordance with the reciprocal subscription agreement entered into between Insimbi and EmployeeCo on 26 February 2016, a copy of which has been tabled at this General Meeting and initialed by the Chairperson of the General Meeting for purposes of identification ("EmployeeCo Reciprocal Subscription Agreement"), be and is hereby approved."

**Explanatory note**

Paragraph 5.51 of the Listings Requirements requires shareholders (excluding any participants and their associates) to approve a specific issue for cash, by way of an ordinary resolution which achieves a 75% majority of votes cast in favour thereof.

Accordingly, Ordinary Resolution Number 1 requires the approval of a 75% majority of the votes cast in favour thereof by all shareholders present or represented by proxy at the General Meeting, excluding any parties and their associates participating in the EmployeeCo Specific Issue.

**SPECIAL RESOLUTION NUMBER 2 – APPROVAL OF FINANCIAL ASSISTANCE TO EMPLOYEECO**

**RESOLVED THAT**, subject to the passing of Ordinary Resolution Number 1, and the passing of the relevant resolutions by the Board as contemplated in section 44(2) of the Companies Act, the Board may authorise the provision of direct or indirect financial assistance by Insimbi to EmployeeCo to fund the subscription by EmployeeCo of the EmployeeCo Subscription Shares in terms of the EmployeeCo Reciprocal Subscription Agreement, through the subscription by the Company of one cumulative redeemable participating preference share in EmployeeCo and 1 000 “B” ordinary shares in EmployeeCo for a total consideration of R10 790 000, in accordance with the EmployeeCo Reciprocal Subscription Agreement.

**Explanatory note**

In terms of the Companies Act, Special Resolution Number 2 requires the approval of a 75% (seventy five percent) majority of the voting rights exercised on the resolution.

**ORDINARY RESOLUTION NUMBER 2 – MANCO SALE OF SHARES (SPECIFIC ISSUE FOR CASH)**

**“RESOLVED THAT**, subject to the passing of Special Resolution Number 3, the sale of 4 835 887 ordinary par value shares of R0.000025 each in Insimbi held by Insimbi Alloy Proprietary Limited (“Insimbi Alloy”) as treasury shares (“Insimbi Alloy Sale Shares”) to Insimbi ManCo Proprietary Limited (“ManCo”) for a purchase price of R3 046 609 and the sale of 5 000 000 ordinary par value shares of R0.000025 each in Insimbi held by TP Hentiq 6064 Proprietary Limited (“TP Hentiq”) as treasury shares (“TP Hentiq Sale Shares”) to ManCo for a purchase price of R4 000 000 (collectively, the “ManCo Sale of Shares”) in accordance with the sale and subscription agreement entered into between Insimbi, ManCo, Insimbi Alloy and TP Hentiq on 26 February 2016, a copy of which has been tabled at this General Meeting and initialed by the Chairperson of the General Meeting for purposes of identification (“ManCo Sale and Subscription Agreement”) and which transactions constitutes a specific issue of shares for cash in terms of the Listings Requirements, be and are hereby approved.”

**Explanatory note**

Paragraph 5.51 of the Listings Requirements requires shareholders (excluding any participants and their associates) to approve a specific issue for cash, by way of an ordinary resolution which achieves a 75% majority of votes cast in favour thereof.

Accordingly, Ordinary Resolution Number 2 requires the approval of a 75% majority of votes cast in favour thereof by all shareholders present or represented by proxy at the General Meeting, excluding any parties and their associates participating in the ManCo Sale of Shares.

**SPECIAL RESOLUTION NUMBER 3 – APPROVAL OF FINANCIAL ASSISTANCE TO MANCO**

**“RESOLVED THAT**, subject to the passing of Ordinary Resolution Number 2 and the passing of the relevant resolutions by the Board as contemplated in sections 44(2) and/or 45(2) of the Companies Act, the Board may authorise the provision of direct or indirect financial assistance by Insimbi to ManCo to fund its purchase of the Insimbi Alloy Sale Shares and the TP Hentiq Sales Shares in terms of the ManCo Sale and Subscription Agreement, through the subscription by Insimbi of one cumulative redeemable participating preference share in ManCo and 1 000 “B” ordinary shares in ManCo for a total consideration of R7 046 609, in accordance with the ManCo Sale and Subscription Agreement.”

**Explanatory note**

In terms of the Listings Requirements read with the Companies Act, Special Resolution Number 3 requires the approval of a 75% (seventy five percent) majority of the votes cast in favour thereof by all shareholders present or represented by proxy at the General Meeting, excluding any parties and their associates participating in the repurchase.

# NOTICE OF GENERAL MEETING CONTINUED

## **ORDINARY RESOLUTION NUMBER 3 – AUTHORISATION OF DIRECTORS**

“RESOLVED THAT, the Board be and is hereby authorised to do all things and sign all documents required to give effect to and implement ordinary resolution numbers 1, 2 and 3 and special resolution numbers 1, 2 and 3.”

### **Explanatory note**

Ordinary resolution number 3 will, in terms of the Companies Act and the Listings Requirements, require the support of at least 50% of the voting rights exercised thereon at the General Meeting by Insimbi shareholders present in person or represented by proxy, to be approved.

### **VOTING AND PROXIES**

A shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. For the convenience of registered shareholders of the Company, a form of proxy is enclosed herewith.

The attached form of proxy is only to be completed by those shareholders who:

- hold Insimbi shares in certificated form; or
- are recorded on the electronic sub-register in “own name” dematerialised form.

Shareholders who hold dematerialised shares which are registered in their name or if they are the registered holder of certificated shares may attend the General Meeting in person, alternatively, they may appoint a proxy or proxies, who need not be a shareholder of the Company to represent them at the General Meeting by completing the attached form of proxy in accordance with the instructions it contains. Forms of proxy should be forwarded to reach the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (P.O. Box 61051, Marshalltown, 2107) at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the General Meeting. Any form of proxy not delivered by this time may be handed to the chairman of the General Meeting immediately before the appointed proxy exercises any of the shareholder’s votes at the General Meeting.

**Meeting participants, which include proxies, are required in terms of section 63(1) of the Companies Act to provide identification reasonably satisfactory to the Chairperson of the General Meeting before being entitled to attend, participate in or vote a shareholders’ meeting. The Company will regard the presentation of participants’ original drivers licences, identity documents or passports to be satisfactory “identification”.**

By order of the Board

### **Company Secretary**

Kristell Holtzhausen

### **Registered office:**

359 Crocker Road  
Wadeville  
Extension 4  
Germiston

### **Transfer Secretaries**

Computershare Investor Service Proprietary Limited  
Ground Floor,  
70 Marshall Street  
Johannesburg  
2001  
(P.O. Box 61051, Marshalltown, 2107)



INSIMBI REFRACTORY AND ALLOY SUPPLIES LIMITED  
(Incorporated in the Republic of South Africa) (Registration number 2002/029821/06)  
Share code: ISB ISIN: ZAE000116828 ("Insimbi" or "the Company" or "the Group")

## FORM OF PROXY

or use only by shareholders who:

- hold shares in certificated form ("certificated shareholders"); or
- have dematerialised their shares ("dematerialised shareholders") and are registered with "own-name" registration.

at the General Meeting of shareholders of the Company to be held at 11:00 on Tuesday, 3 May 2016 at the registered office of Insimbi, 359 Crocker Road, Wadeville, Extension 4, Germiston, South Africa.

dematerialised shareholders holding shares other than with "own-name" registration, who wish to attend the General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the General Meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the General Meeting in person or by proxy and vote. If they do not wish to attend the General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These shareholders must not use this form of proxy.**

I/We (PLEASE PRINT FULL NAMES IN BLOCK CAPITALS) \_\_\_\_\_

of (PLEASE PRINT ADDRESS) \_\_\_\_\_

Telephone work (            ) \_\_\_\_\_ Telephone home (            ) \_\_\_\_\_

Cellphone number \_\_\_\_\_ e-mail address \_\_\_\_\_

being the registered holder(s) of: \_\_\_\_\_ ordinary shares in the capital of the Company hereby appoint:

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her

3. the Chairman of the General Meeting,  
as my/our proxy to attend and act for me/us on my/our behalf at the General Meeting of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each postponement or adjournment thereof, and to vote for and/or against such resolutions, and/or to abstain from voting for and/or against the resolutions, in respect of the shares registered in my/our name in accordance with the following instructions:

Resolution to be proposed at the General Meeting:	Number of shares		
	For	Against	Abstain
<b>Special Resolution Number 1</b> Approval of the specific share repurchase			
<b>Ordinary Resolution Number 1</b> EmployeeCo specific issue for cash			
<b>Special Resolution Number 2</b> Approval of financial assistance to EmployeeCo			
<b>Ordinary Resolution Number 2</b> ManCo sale of treasury shares (specific issue for cash)			
<b>Special Resolution Number 3</b> Approval of financial assistance to ManCo			
<b>Ordinary Resolution Number 3</b> Authorisation of Directors			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

Signed at (place) \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of shareholder(s) \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the General Meeting.

# NOTES TO THE PROXY

## Notes:

1. The form of Summary of Rights Contained in Section 58 of the Companies Act.  
**In terms of section 58 of the Companies Act:**
  - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders meeting on behalf of such shareholder;
  - a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
  - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
  - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
  - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company; and
  - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).
2. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
3. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
4. A shareholder entitled to attend and vote at the General Meeting may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the General Meeting". The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all of the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting, notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the Company's transfer secretaries, Computershare Investor Services Proprietary Limited ("transfer secretaries"), not less than 48 (forty eight) hours before the commencement of the General Meeting.
7. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. The Chairperson of the General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A shareholder's authorisation to the proxy including the Chairperson of the General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the General Meeting.
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or is waived by the Chairperson of the General Meeting.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries.
13. Where there are joint holders of shares:
  - any one holder may sign the form of proxy; and
  - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
14. Forms of proxy should be lodged with or mailed to the transfer secretaries:

<b>Hand deliveries to:</b>	<b>Postal deliveries to:</b>
Computershare Investor Services Proprietary Limited	Computershare Investor Services Proprietary Limited
Ground Floor	P.O. Box 61051
70 Marshall Street	Marshalltown
Johannesburg, 2001	2107

to be received by no later than 11:00 on Thursday, 28 April 2016 (or 48 (forty-eight) hours before any adjournment of the General Meeting which date, if necessary, will be notified on the Stock Exchange News Service of the JSE) or may be handed to the Chairperson of the meeting immediately before the appointed proxy exercises any of the shareholder's votes at the General Meeting.
15. A deletion of any printed matter and the completion of any blank space need not be signed or initialed. Any alteration or correction must be signed and not merely initialed.