

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 3 of this circular apply, *mutatis mutandis*, to this circular including this cover page.

Action required:

1. This entire circular is important and should be read with particular attention to page 2 entitled "Action required by shareholders".
2. If you are in any doubt as to the action you should take, please consult your CSDP, banker, accountant, attorney or other professional adviser immediately.
3. If you have disposed of all your shares in Imbalie, please forward this circular to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the sale was effected.

The distribution of this circular and accompanying documents and the granting of the right to subscribe for rights shares in certain jurisdictions other than South Africa may be restricted by law and a failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction. Refer to paragraph 9 of this circular for further details.

The rights offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and in such circumstances, this circular, if sent, is sent for information purposes only.

The rights shares, upon their issue, will rank, *pari passu*, in all respects with the Imbalie shares currently in issue.

There are no convertibility or redemption provisions relating to the rights shares.

The allocation of rights shares will be such that only whole numbers of rights shares will be issued and shareholders will be entitled to rounded numbers of rights shares. Fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down.

The rights that are represented by the letters of allocation are valuable and may be sold on the JSE. Letters of allocation can, however, only be traded in dematerialised form and accordingly, all letters of allocation have been issued in dematerialised form.

The electronic record of certificated shareholders is being maintained by the transfer secretaries and this has made it possible for the holders of certificated shares to enjoy similar rights and opportunities as holders of dematerialised shares in respect of the letters of allocation. Instructions on how to accept, renounce or sell the rights represented by the letters of allocation are set out in paragraph 4 of this circular.

The directors, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this circular contains all information required by law and the JSE Listings Requirements.

This rights issue circular is issued in compliance with the Listings Requirements of the JSE, for the purpose of providing information to the public with regard to Imbalie.



Imbalie Beauty Limited

(Incorporated in the Republic of South Africa)

(Registration number 2003/025374/06)

Share code: ILE ISIN: ZAE000165239

("Imbalie" or "the company")

CIRCULAR TO IMBALIE SHAREHOLDERS

regarding:

- a partially underwritten renounceable rights offer by Imbalie of 208 333 333 new ordinary no par value shares in the ordinary share capital of Imbalie at a subscription price of 12 cents per new ordinary share, in the ratio of 47.28532 new ordinary shares for every 100 ordinary shares held in Imbalie at the close of business on Friday, 12 February 2016;

and:

- incorporating a form of instruction in respect of a renounceable (nil paid) letter of allocation in respect of the rights offer (for use by certificated shareholders).

Rights offer opens at the commencement of trade on:

Monday, 15 February 2016

Rights offer closes at 12:00 on:

Friday, 26 February 2016

An English copy of this circular, together with the letter of allocation and the documents referred to in paragraph 14 of this circular, have been approved by the JSE as required by section 95(1)(k) of the Companies Act.

All the advisers, whose names and reports are included in this circular, have given and have not withdrawn, prior to publication of this circular, their written consents for the inclusion of their names and reports in the form and context in which they appear.

Designated Adviser



Date of issue: Monday, 8 February 2016

This circular is available in English only and copies thereof may be obtained from the offices of the company and the designated adviser at the addresses reflected on the Corporate Information page of this circular from the date of issue until Friday, 26 February 2016. This circular will also be available on the company's website www.imbaliebeauty.co.za.

CORPORATE INFORMATION

Imbalie Beauty Limited

Samrand Avenue
Kosmosdal Ext. 4
Centurion, 0157

Date and place of incorporation:

10 October 2003

Pretoria, South Africa

www.imbaliebeauty.co.za

Telephone: (012) 621 3300

Facsimile: (012) 621 3338

Designated Adviser

Exchange Sponsors (2008) Proprietary Limited
(Registration number 2008/019553/07)

44A Boundary Road

Inanda, 2196

PO Box 411216, Craighall, 2024

Telephone: (011) 880 2113

Facsimile: (011) 447 4824

Company secretary and registered office

iTemba Governance and Statutory Solutions
Proprietary Limited

Represented by Ms Marianne Fourie

Block 5 – Suite 201, Monument Office Park

79 Steenbok Avenue

Monument Park, 0181

PO Box 25160, Monument Park, 0105

Telephone: (011) 370 5000

Facsimile: (011) 688 5210

Transfer secretaries

Computershare Investor Services

Proprietary Limited

(Registration number 2004/003647/07)

Ground Floor, 70 Marshall Street

Johannesburg, 2001

PO Box 61051, Marshalltown, 2107

Telephone: (011) 370 5000

Facsimile: (011) 688 5210

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ACTION REQUIRED BY SHAREHOLDERS

This circular is important and requires your immediate attention. The enclosed form of instruction applies to certificated shareholders only. The letter of allocation to which the form of instruction relates is negotiable and can be sold on the JSE.

Shareholders are referred to paragraph 4 of this circular, which sets out the procedures to be followed by shareholders in relation to the rights offer.

1. IF YOU HAVE DEMATERIALISED YOUR IMBALIE SHARES

- 1.1 You will **not** receive a printed form of instruction.
- 1.2 Your CSDP or broker will credit your account with the number of rights to which you are entitled.
- 1.3 Your CSDP or broker will contact you to ascertain:
 - whether or not you wish to follow your rights in terms of the rights offer and in respect of how many rights shares; or
 - if you do not wish to follow all or any of your rights:
 - whether you wish to sell your rights;
 - whether you wish to renounce your rights and the details of the renounee; or
 - whether you wish your rights to lapse.
- 1.4 If you are not contacted, you should contact your CSDP or broker and furnish them with your instructions. If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the agreement entered into between you and your CSDP or broker.

Imbalie does not take responsibility and will not be held liable for any failure on the part of the CSDP or broker to notify the shareholder of the rights offer and/or to obtain instructions from shareholders as to whether to subscribe for the rights shares and/or to sell and/or renounce the rights allocated and any and all such liability is hereby expressly excluded.

2. IF YOU HAVE NOT DEMATERIALISED YOUR IMBALIE SHARES

If you wish to subscribe for the rights shares allocated to you, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with the payment for the amount due, with the transfer secretaries by 12:00 on Friday, 26 February 2016.

If you do not wish to subscribe for all or some of the rights shares allocated to you, as reflected in the form of instruction, you may sell or renounce or lapse your rights. In such an event, you must complete the relevant section of the form of instruction and return it to the transfer secretaries to be received by no later than 12:00 on Friday, 19 February 2016 if you wish to sell your rights or by 12:00 on Friday, 26 February 2016 if you wish to renounce your rights. You need do nothing if you wish your rights to lapse.

DEFINITIONS

In this circular, unless otherwise stated or the context so requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons:

“AltX”	the Alternative Exchange of the JSE;
“business day”	any day other than a Saturday, Sunday or public holiday in the Republic;
“certificated shareholders”	Imbalie shareholders who have not dematerialised their Imbalie share certificates in terms of the Strate system;
“circular”	all the documents and annexures contained in this bound circular, including the form of instruction;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“CSDP”	Central Securities Depository Participant with whom shareholders have dematerialised shares registered in terms of the Financial Markets Act;
“Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“dematerialisation”	the process by which certificated shares are converted to an electronic form as uncertificated shares and recorded in the sub-register of shareholders maintained by a CSDP;
“dematerialised shares”	ordinary shares which have been transferred, through a CSDP or broker, into an electronic format on the Strate system (no longer evidenced by physical document of title);
“directors” or “board of directors”	the board of directors of Imbalie, further details of whom appear on page 13 of this circular;
“Designated Adviser”	Exchange Sponsors (2008) Proprietary Limited (Registration number 2008/019553/07), a private company registered and incorporated under the laws of South Africa, the designated advisor of Imbalie;
“emigrants”	former residents of the common monetary area;
“Financial Markets Act”	Financial Markets Act, 2012 (No 10 of 2012), as amended;
“form of instruction”	a form of instruction in respect of a letter of allocation reflecting the rights of certificated shareholders and on which certificated shareholders are entitled to indicate whether they wish to take up, sell or renounce their rights;
“incorporation”	the date of incorporation of Imbalie, being 10 October 2003;
“JSE”	JSE Limited (Registration number 2005/022939/06), a company duly registered and incorporated with limited liability under the company laws of South Africa, licensed to operate an exchange under the Financial Markets Act;
“the last practicable date”	the last practicable date prior to the finalisation of this circular, which date was Tuesday, 19 January 2016;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Letter(s) of allocation” or “LAs”	renounceable (nil paid) letters of allocation to be issued to Imbalie shareholders, conferring a right on the holder to subscribe for rights shares in terms of the rights offer;

“Imbalie” or “the company”	Imbalie Beauty Limited (Registration number 2003/025374/06), a public company incorporated in accordance with the laws of South Africa and the shares of which are listed on the AltX;
“Imbalie shareholders” or “shareholders”	the registered holders of Imbalie shares as appearing on the Imbalie register;
“right”	the renounceable right to subscribe for rights shares in terms of the rights offer;
“rights offer”	the partially underwritten renounceable rights offer by Imbalie of 208 333 333 ordinary shares at a subscription price of 12 cents per share in the ratio of 47.28532 new ordinary shares for every 100 ordinary shares held in Imbalie at the close of business on Friday, 5 February 2016;
“rights participant”	a shareholder entitled to participate in the rights offer;
“rights shares” or “new Imbalie shares” or “new ordinary shares”	208 333 333 new ordinary shares in Imbalie which are the subject of the rights offer;
“SARS”	the South African Revenue Service;
“SENS”	the Stock Exchange News Service;
“shares”	the issued ordinary no par value shares in the share capital of the company;
“shareholders”	registered holders of ordinary shares in Imbalie;
“Strate”	an electronic custody, clearing and settlement system for all share transactions concluded on the JSE and off-market, managed by Strate Proprietary Limited (Registration number 1998/022242/07);
“shareholders”	registered holders of ordinary shares in Imbalie;
“transfer secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa;
“underwriters”	collectively, Gayatri Paper Mills Proprietary Limited (Registration number 2003/018242/07) and SA Madiba Investments Proprietary Limited (Registration number 1998/015202/07);
“underwriting agreements”	the underwriting agreements between Imbalie and the underwriters entered into on 30 November 2015, in terms of which the underwriters have undertaken to partially underwrite the rights offer;
“VAT”	Value-Added Tax levied in terms of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended from time to time; and
“ZAR” or “Rand” or “R”	South African Rand.

SALEINT DATES AND TIMES

2016

Last day to trade in Imbalie shares in order to settle by the record date and to qualify to participate in the rights offer (<i>cum</i> entitlement) on	Friday, 5 February
Listing of letters of allocation on the JSE commences at commencement of trading Code: ILEN ISIN: ZAE000212056	Monday, 8 February
Shares commence trading <i>ex-rights</i> on the JSE at commencement of trading	Monday, 8 February
Rights offer circular and, where applicable, a form of instruction posted to certificated shareholders	Tuesday, 9 February
Record date for participation in the rights offer at the close of business on	Friday, 12 February
Rights offer opens at commencement of trading	Monday, 15 February
Dematerialised shareholders will have their accounts at their CSDP or broker automatically credited with their entitlement	Monday, 15 February
Certificated shareholders on the register will have their entitlement credited to an account held with the transfer secretaries	Monday, 15 February
Rights offer circular posted to dematerialised shareholders, where applicable	Tuesday, 16 February
Last day to trade in letters of allocation on the JSE on	Friday, 19 February
Listing of rights offer shares commences at commencement of trading on	Monday, 22 February
Rights offer closes at 12:00 – payments to be made and forms of instruction in respect of letters of allocation lodged by certificated shareholders by 12:00 (see note 5)	Friday, 26 February
Record date for letters of allocation on	Friday, 26 February
Dematerialised shareholders' accounts will be updated with entitlements and debited by their CSDP or broker and certificates posted to certificated shareholders	Monday, 29 February
Results of rights offer released on SENS	Monday, 29 February

Notes:

1. The definitions commencing on page 3 of this circular apply, *mutatis mutandis*, to this section on salient dates and times in respect of the rights offer.
2. All times referred to in this circular are South African times.
3. No share certificates may be dematerialised or rematerialised between Friday, 5 February 2016 and Friday, 12 February 2016, both days inclusive.
4. Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their acceptance of the rights offer in the manner and time stipulated in the agreement governing the relationship between the shareholder and his/her CSDP or broker.
5. The CSDP or broker accounts of dematerialised shareholders will be automatically credited with new Imbalie shares to the extent to which they have accepted the rights offer. Imbalie share certificates will be posted, by registered post at the shareholder's risk, to certificated shareholders in respect of the rights offer shares which have been accepted.
6. CSDPs effect payment in respect of dematerialised shareholders on a delivery against payment basis.



Imbalie Beauty Limited

(Incorporated in the Republic of South Africa)

(Registration number 2003/025374/06)

Share code: ILE ISIN: ZAE000165239

("Imbalie" or "the company")

CIRCULAR TO IMBALIE SHAREHOLDERS

1. INTRODUCTION

- 1.1 Shareholders were advised by way of a SENS announcement on Thursday, 3 December 2015 that 208 333 333 ordinary no par value shares in the authorised share capital of Imbalie will be issued in terms of a rights offer at a subscription price of 12 cents per share to raise R25 million.
- 1.2 Imbalie has entered into an underwriting agreement in terms of which the underwriters has undertaken to partially underwrite the rights offer. The purpose of this circular is to furnish shareholders with relevant information concerning the rights offer and the implications thereof in accordance with the Listings Requirements and the Companies Act.
- 1.3 The enclosed form of instruction in respect of the letter of allocation contains details of the rights to which certificated shareholders are entitled, as well as the procedures for acceptance, sale or renunciation of the rights shares. Dematerialised shareholders will be advised of the rights to which they are entitled as well as the procedure for acceptance, sale or renunciation of the rights offer by their CSDP or broker.
- 1.4 The JSE has approved the circular as well as the listing of the letters of allocation in respect of the rights shares from the commencement of business on Monday, 8 February 2016, to the close of trade on Friday, 19 February 2016.
- 1.5 The JSE has approved the listing of the rights shares from the commencement of trade on Monday, 22 February 2016.
- 1.6 Shareholders recorded in the register at the close of business on Friday, 12 February 2016, will receive rights to subscribe for rights shares in terms of the rights offer on the basis of 47.28532 rights shares for every 100 Imbalie shares held at 12 cents per rights share.
- 1.7 The rights shares, upon their issue, will rank *pari passu* in all respects with the Imbalie shares currently in issue.
- 1.8 The rights shares will be issued at an issue price of 12 cents per ordinary share, which equates to a 7.7% discount to the weighted average share price of Imbalie for the 30-day period ended 22 October 2015.
- 1.9 The rights shares, upon their issue, will be issued under the general authority of directors, authorised at the annual general meeting of shareholders held on 18 September 2015.

2. PURPOSE OF THE RIGHTS OFFER

The purpose of the rights offer is to raise R25 million (before expenses), which will be utilised for the following purposes:

- to repay debt;
- for working capital purposes; and
- to cover the expenses of the rights offer.

3. TERMS OF THE RIGHTS OFFER

3.1 Particulars of the rights offer

Imbalie is offering for subscription, upon the terms and conditions set out in this circular by way of renounceable rights, to Imbalie shareholders and/or their renounees, a total of 208 333 333 rights shares at a subscription price of 12 cents per rights share payable in full on acceptance by certificated shareholders, or on delivery against payment basis by the CSDP or broker of dematerialised shareholders, in ZAR, in the ratio of 47.28532 rights shares for every 100 Imbalie shares held at the close of business on Friday, 12 February 2016.

3.2 Opening and closing dates of the rights offer

The rights offer will open at the commencement of business on Monday, 15 February 2016 and will close at 12:00 on Friday, 26 February 2016.

3.3 Entitlement

Imbalie shareholders will be granted the right to subscribe for 47.28532 rights shares for every 100 Imbalie shares held at the close of business on Friday, 12 February 2016. Imbalie shareholders are referred to the table of entitlement set out in Annexure 1 hereto. The allocation of rights shares will be such that only whole numbers of rights shares will be issued and shareholders will be entitled to rounded numbers of rights shares. Fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down.

3.3.1 Certificated shareholders will have their rights credited to an account in electronic form, which will be administrated by Computershare Investor Services Proprietary Limited on their behalf. The enclosed form of instruction reflects the number of rights shares for which the certificated shareholder is entitled to subscribe. The procedure that the shareholder should follow for the acceptance, sale or renunciation of his rights is reflected in the form of instruction.

3.3.2 Dematerialised shareholders will have their rights to the rights shares to which they are entitled to subscribe, credited to their custody accounts by their appointed CSDP or broker in electronic form. The CSDP or broker will advise the dematerialised shareholders of the procedures they need to follow for acceptance, sale or renunciation of rights.

3.3.3 The letters of allocation to which the form of instruction relate are negotiable and can be sold on the JSE.

3.4 Excess applications

Excess applications will not be allowed.

3.5 JSE listings

The JSE has granted listings for the letters of allocation and rights shares as follows:

- Letters of allocation with code: ILEN and ISIN: ZAE000212056 in respect of 208 333 333 rights shares will be listed from the commencement of trade on Monday, 8 February 2016 to the close of trade on Friday, 19 February 2016 both days inclusive; and
- 208 333 333 rights shares will be listed with effect from the commencement of trade on Monday, 22 February 2016.

4. PROCEDURE FOR ACCEPTANCE, RENUNCIATION AND SALE OF RIGHTS

4.1 Certificated shareholders

4.1.1 Acceptance

Full details of the procedure for acceptance of the rights offer by certificated shareholders are contained in the form of instruction enclosed with this circular. The following should be noted:

4.1.1.1 acceptances are irrevocable and may not be withdrawn;

4.1.1.2 acceptances may only be made by certificated shareholders by means of the form of instruction;

- 4.1.1.3 any instruction to sell or renounce the rights shares may only be made by means of the form of instruction;
- 4.1.1.4 the properly completed form of instruction and a cheque or banker's draft, in the currency of ZAR crossed "not transferable" and "or bearer" deleted in payment of the subscription price for the relevant rights shares must be received by the transfer secretaries at either of the addresses referred to in paragraph 4.1.3.2 below, by no later than 12:00 on Friday, 26 February 2016. No late postal acceptances will be accepted;
- 4.1.1.5 the form of instruction to take up the rights in question will be regarded as complete only when the cheque or banker's draft has been cleared for payment;
- 4.1.1.6 such payment will constitute an irrevocable acceptance of the rights offer upon the terms and conditions set out in this circular and in the form of instruction once the banker's draft or cheque has been cleared for payment;
- 4.1.1.7 if any form of instruction is not received as set out above, the rights offer will be deemed to have been declined and the right to subscribe for the rights shares in terms of the form of instruction will lapse regardless of who holds it.

4.1.2 **Renunciation or sale of rights**

- 4.1.2.1 Imbalie has issued letters of allocation in dematerialised form and the electronic record for certificated shareholders is being maintained by the transfer secretaries. This has made it possible for certificated shareholders to enjoy the same rights and opportunities as dematerialised shareholders.
- 4.1.2.2 Certificated shareholders not wishing to subscribe for all or some of the rights shares allocated to them as reflected in the form of instruction, may sell or renounce or lapse their rights.
- 4.1.2.3 In addition, certificated shareholders who wish to sell the rights shares allocated to them as reflected in the form of instruction, must complete the relevant section of the form of instruction and return it to the transfer secretaries in accordance with the instructions contained therein, to be received by no later than 12:00 on Friday, 26 February 2016.
- 4.1.2.4 The transfer secretaries will endeavour to procure the sale of the rights on the JSE on behalf of such certificated shareholders and will remit the proceeds in accordance with the payment instructions reflected in the form of instruction, net of brokerage charges and associated expenses. Neither the transfer secretaries nor the company nor any broker appointed by either of them will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising out of the timing of such sales, the price obtained or any failure to sell such rights. References in this paragraph to a certificated shareholder include references to the person or persons executing the form of instruction and any person or persons on whose behalf such person or persons executing the form of instruction is/are acting and, in the event of more than one person executing the form of instruction, the provisions of this paragraph shall apply to them, jointly and severally.
- 4.1.2.5 Certificated shareholders who do not wish to sell the rights shares allocated to them as reflected in the form of instruction, and who do not wish to subscribe for rights shares offered in terms of the form of instruction, but who wish to renounce their rights, should complete the relevant section of the form of instruction and return it to the transfer secretaries in accordance with the instructions contained therein to be received by no later than 12:00 on Friday, 26 February 2016.
- 4.1.2.6 Certificated shareholders who wish to subscribe for only a portion of the rights shares allocated to them, must indicate on the form of instruction the number of rights shares for which they wish to subscribe.
- 4.1.2.7 If the rights are not accepted, sold or renounced, the rights will lapse.

4.1.3 **Payment**

4.1.3.1 Currency

The amount due on acceptance of the rights offer is payable in ZAR.

4.1.3.2 Payment terms

A banker's draft drawn on a registered bank or a cheque drawn on a South African bank (each of which should be crossed and marked "not transferable" and in the case of a cheque, with the words "or bearer" deleted) in favour of "**Imbalie Beauty Limited – Rights offer**" in respect of the amount due, together with a properly completed form of instruction, must be lodged by certificated shareholders and/or their renounees by no later than 12:00 on Friday, 26 February 2016 in accordance with the instruction contained in the form of instruction and clearly marked "**Imbalie Beauty Limited – Rights Offer**".

By hand to:

Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001

Or sent by post, at the risk of the shareholder or renounee concerned, to:

Computershare Investor Services Proprietary Limited
PO Box 61763
Marshalltown
2107

Electronic Bank Transfers (EFT) will be accepted, kindly contact our Call Centre – Corporate Actions on 0861 100 634 to obtain banking details and reference number for the deposits. Election forms and proof of EFT payment may be faxed to +27 11 688 5210 or emailed to corporate.events@computershare.co.za. Kindly note that this is for subscription of the rights only and is not for selling of the rights.

NB: The completed Form of Election will be rejected if it is not received on or before 12:00 on Friday, 26 February 2016 together with proof of payment.

Physical address
70 Marshall Street
Johannesburg
2001

Postal address
PO Box 61763
Marshalltown
2107

PLEASE NOTE THAT THE ORIGINAL ELECTION FORM MUST BE RETURNED. FAXED ELECTION FORMS WILL BE ACCEPTED WITH PROOF OF PAYMENT ATTACHED.

Should the Form of Instructions not be accompanied with the proof of the EFT payment, the application will be treated as invalid.

All cheques or banker's drafts received by the transfer secretaries will be deposited immediately for payment. In the event that any cheque or banker's draft is dishonoured, Imbalie, in its sole discretion, may treat the relevant acceptance as void or may tender delivery of the relevant rights shares to which it relates against payment in cash of the subscription price for such rights shares. Payment received in respect of an application which is rejected or otherwise treated as void by Imbalie, or which is otherwise not validly received in accordance with the terms stipulated in this paragraph, will be posted by ordinary mail (without interest) by way of a cheque drawn in ZAR to the applicant concerned, at the applicant's risk on or about Monday, 29 February 2016. If the applicant concerned is not an Imbalie shareholder and gives no address in the form of instruction, then the relevant refund will be held by Imbalie until collected by the applicant.

4.1.3.3 Imbalie share certificates

Where applicable, share certificates in respect of rights shares will be posted, by registered post, by the transfer secretaries, at the risk of the certificated shareholders concerned, on or about Monday, 29 February 2016. As Imbalie uses the “certified transfer deeds and other temporary documents of title” procedure approved by the JSE, only “block” certificates will be issued in respect of rights shares.

Certificated shareholders receiving rights shares in certificated format must note that such shares cannot be sold on the JSE until they have been dematerialised. This could take between one and ten days.

4.2 Dematerialised shareholders

4.2.1 **Acceptance, renunciation or sale of rights**

The CSDPs or brokers appointed by dematerialised shareholders should contact the said shareholders to ascertain:

- whether they wish to follow their rights in terms of the rights offer (in which case CSDPs effect payment on a delivery against payment basis) or renounce their rights and in respect of how many rights shares; and
- if they do not wish to follow all or any of their rights, whether they wish to sell their rights and how many rights they wish to sell.

If you are not contacted, you should contact your CSDP or broker and furnish them with your instruction. Should a CSDP or broker not obtain instructions from a dematerialised shareholder, they are obliged to act in terms of the mandate granted to them by such dematerialised shareholder.

4.2.2 **Payment**

Your CSDP or broker will effect payment directly on your behalf in respect of rights followed, in ZAR, on Monday, 29 February 2016 on a delivery against payment basis.

4.2.3 **Rights shares**

Dematerialised shareholders will have their accounts credited with the rights shares subscribed for in terms of the rights offer, on Monday, 29 February 2016.

5. UNDERWRITING

Imbalie entered into an underwriting agreement on 30 November 2015 with Gayatri Paper Mills Proprietary Limited and SA Madiba Investments Proprietary Limited in terms of which they agreed to underwrite the allotment and issue of 141 666 666 ordinary shares of the rights offer at 12 cents per share. In terms of the underwriting agreement, an underwriting fee of 8% is payable to the underwriters on the amounts underwritten. Mr WP van der Merwe, an executive director of Imbalie, is a shareholder and director of SA Madiba Investments Proprietary Limited.

In determining the abovementioned underwriting fee the following factors were taken into consideration:

- Funding provided by the underwriters for a period of more than seven months without interest being incurred by Imbalie;
- Imbalie is listed on AltX with a small market capitalisation; and
- The amount underwritten is a significant proportion of the market capitalisation of Imbalie.

The underwriting agreement is subject to the fulfilment of *inter alia* the following conditions by Friday, 26 March 2016:

- all regulatory approvals required in relation to the rights offer and conclusion and implementation of the rights offer have been obtained; and
- a listing of the letters of allocation and the rights offer shares being granted by the JSE.

The directors (excluding WP van der Merwe) confirm that they have made due and careful enquiry to confirm that the underwriters will be able to meet their commitments in terms of the underwriting agreements.

6. NATURE OF THE BUSINESS, BACKGROUND AND HISTORY AND PROSPECTS

6.1 NATURE OF THE BUSINESS

Imbalie Beauty is a franchisor, distributor and service provider of beauty offerings and products. Imbalie Beauty has both its own distribution footprint and a franchised distribution footprint, which together total 155 beauty salons nationally. In addition, Imbalie Beauty's products are distributed through independent salons and pharmacies.

Imbalie Beauty is a multiple brand owner, owning the following franchise salon chains, Placecol Skin Care Clinics; Dream Nails Beauty Salons; and Perfect 10 Nail and Body Studios.

6.2 BACKGROUND AND HISTORY

6.2.1 Imbalie, the holding company was established 12 years ago.

6.2.2 The group originated 35 years ago when a beauty therapist, Elma Mckenzie started her own skin care range, Placecol in Ermelo.

6.2.3 In December 2003, Imbalie opened its first Placecol skin care clinic and has since grown to the largest group of skin care clinics in South Africa with more than 60 skin care clinics nationally.

6.2.4 In January 2007, Imbalie launched its first Placecol franchised salon.

6.2.5 With effect from 1 July 2007, Imbalie acquired the Dream Nails Beauty franchise group as a first step to become a multiple brand franchisor. The Dream Nails Beauty franchise group was established 30 years ago by Nora Barnard making it the oldest and most recognised beauty franchise chain in South Africa.

6.2.6 In 2007, the company listed on the AltX. Imbalie's head office operates from its premises in Centurion, Pretoria.

6.2.7 In March 2012, Imbalie acquired the Perfect 10 franchise group from Vicky and Arthur Barrable in line with its vision to become the largest and most desirable beauty franchise group and following its multiple brand franchise strategy.

6.2.8 With effect from 1 June 2015, Imbalie acquired Prana Products Proprietary Limited and appointed Debbie Wolfendale as an Executive Director, Marketing, Sales and Education of Imbalie.

6.2.9 Imbalie announced on 4 November 2015 that it has entered into Heads of Agreement on 3 November 2015 to acquire Curves Africa, a fitness and wellness group for women.

6.3 PROSPECTS

6.3.1 Imbalie Beauty's vision is to be the largest and most desirable beauty and wellness franchise group in South Africa and to become a significant player in the beauty, health and wellness industry through a combination of organic growth and strategic acquisitions of entrepreneurially owned and managed companies.

6.3.2 Imbalie Beauty has an established support structure for its franchisees to achieve its vision.

6.3.3 The Imbalie Beauty group recently received the following awards and nominations:

FASA Awards

- Dream Nails Beauty Finalist Franchisee of the Year Category April 2015: Placecol Silver Oaks
- Finalist Brand Builder of the Year Category April 2015: Placecol

Beeld Awards

- Placecol voted as the favourite beauty salon by readers of Beeld in May 2015

Best of Bloemfontein Awards

- Placecol Skin Care Clinic Victorian Square voted as best nail salon in Bloemfontein in October 2015

Best of Pretoria Awards

- Placecol products voted as best pampering and beauty products in Pretoria in October 2015
- Placecol Skin Care Clinic Silver Oaks voted as best beauty salon in Pretoria in October 2015
- Placecol Skin Care Clinic Silver Oaks voted as best nail salon in Pretoria in October 2015

6.3.4 Imbalie foresees a bright future with the opening of successful beauty salons, which will create more job opportunities in South Africa. Imbalie continues to have a strong pipeline for the opening of new beauty salons in 2016 and 2017.

7. SHARE CAPITAL

7.1 Authorised and issued share capital

7.1.1 *Authorised and issued share capital before rights offer*

	R
<i>Authorised</i>	
1 000 000 000 ordinary no par value shares	–
<i>Issued</i>	
440 587 773 ordinary no par value shares (note 2/3)	79 136 861

7.1.2 *Authorised and issued share capital after the rights offer*

	R
<i>Authorised</i>	
1 000 000 000 ordinary no par value shares	–
<i>Issued</i>	
440 587 773 (in issue prior to the rights offer)	79 136 861
208 333 333 (issued in terms of the right offer)	25 000 000
648 921 106 ordinary no par value shares	104 136 861

Notes:

1. No shares are held in Treasury as at 31 August 2015.
2. Imbalie has issued effective 4 December 2015 a total of 25 million ordinary shares of no par value at a price of 12 cents per share for cash in terms of a general authority to issue shares for cash.
3. The JSE has approved the additional listing of 60 000 000 ordinary shares, which has increased the total number of ordinary shares in issue from 380 587 773 to 440 587 773. The issue of these shares effective 29 January 2016, is in terms of a general issue of shares for cash issued at 12 cents per share.

7.2 Share price history

A table setting out the share price history of Imbalie shares on the Altx is included in this circular as Annexure 2.

8. DIRECTORS

8.1 Names, designation and addresses of directors

Names	Designation	Addresses
<i>Non-executive directors:</i>		
Mr MM Patel	Independent non-executive Chairman	552 Birkdale Street, Eagle Canyon Golf Estate, 2169
Mr TJ Schoeman	Independent non-executive director	490 William Nicol Street, Constantia Park, 0181
Ms P Tladi	Independent non-executive director	17 Regents Hill, Fifth Road, Halfway Gardens, Midrand
<i>Executive directors:</i>		
Ms E Colyn	Chief Executive Officer	178 Kent Avenue, Ferndale Ridge Randburg, 2194
Mr WP van der Merwe	Financial and Corporate Strategy	91C Totius Street, Poortview, Roodepoort, 2040
Ms D Wolfendale	Marketing, Sales and Training	23 Fifth Street, Houghton Estate, 2198

All directors are South African.

There will be no variation in the directorate or the directors' details as a consequence of the rights offer.

8.2 Directors' remuneration

There will be no variation in the remuneration receivable by any of the directors as a consequence of the rights offer.

8.3 Directors' interests in shares

The directors' interests in the ordinary share capital of the company at 28 February 2015 were as follows:

Directors	Beneficial direct	Beneficial indirect	Total	% held
Ms HA Lunderstedt (resigned 30 April 2015)	–	78 125 000	78 125 000	22.61
Mr TJ Schoeman	–	73 500	73 500	2.13
Mr WP van der Merwe	–	66 965 675	66 965 675	19.38
Ms E Colyn	35 171 549	–	35 171 549	10.18
Ms M Malan (resigned 30 April 2015)	83 334	–	83 334	2.41
Total	35 254 883	145 164 175	180 419 058	56.71

8.4 Directors' intentions

The directors who own shares in the company have considered the terms of the rights offer and intend to follow their rights in respect of their shares in terms of the rights offer as set out in this circular.

The directors' ability to follow their rights is dependent on their ability to raise sufficient funding and to the extent that directors do not follow their rights, their rights will potentially be renounced or lapsed.

9. FOREIGN JURISDICTIONS

The distribution of this circular and accompanying documents and the granting of the right to subscribe for rights shares in certain jurisdictions other than South Africa may be restricted by law and a failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

Any shareholder resident outside the common monetary area who receives the circular and form of instruction, should obtain advice as to whether any governmental and/or any other legal consent is required and/or any other formality must be observed to enable such a subscription to be made in terms of such form of instruction.

The rights offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and the circular and form of instruction should not be forwarded or transmitted by recipients thereof to any person in any territory other than where it is lawful to make such an offer.

The rights offer shares have not been and will not be registered under the Securities Act of the United States of America. Accordingly, the rights offer shares may not be offered, sold, resold, delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, United States persons, except pursuant to exemptions from the Securities Act. The circular and the accompanying documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States. The circular does not constitute an offer of any securities for sale in the United States or to United States persons.

The rights offer contained in the circular does not constitute an offer in the District of Columbia, the United States, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Non-qualifying shareholders should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the rights offer, or trade their entitlement. Shareholders holding Imbalie shares on behalf of persons who are non-qualifying shareholders are responsible for ensuring that taking up the rights offer, or trading in their entitlements under that offer, do not breach regulations in the relevant overseas jurisdictions.

To the extent that non-qualifying shareholders are not entitled to participate in the rights offer as a result of the aforementioned restrictions, the allocated rights in respect of such non-qualifying shareholders shall revert to Imbalie who shall be entitled to sell or place same or failing which such rights will lapse.

10. EXCHANGE CONTROL REGULATIONS

The following summary is intended as a guide only and is, therefore, not comprehensive. If a shareholder or his renounee is in any doubt in regard hereto, he should consult his professional adviser.

Imbalie shareholders who are not resident in the common monetary area should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to allow them to follow their rights in terms of the rights offer.

Non-residents of the common monetary area

In terms of the Exchange Control Regulations of South Africa and upon specific approval by the South African Reserve Bank, non-residents, excluding former residents, of the common monetary area will be allowed to:

- take up rights allocated to them in terms of the rights offer;
- purchase rights on the JSE;
- subscribe for the rights shares in terms of the rights offer;

provided payment is received either through normal banking channels or from a non-resident account.

In respect of Imbalie shareholders taking up their rights in terms of the rights offer:

- a “non-resident” endorsement will be applied to forms of instruction issued to non-resident certificated shareholders; or
- a “non-resident” annotation will appear in the CSDP or broker’s register for non-resident dematerialised shareholders.

All applications by non-residents for the above purposes must be made through a South African authorised dealer.

Where rights are sold on the JSE on behalf of non-residents, the proceeds of such a sale are freely remittable through a South African authorised dealer in foreign exchange.

Former residents of the common monetary area (“emigrants”)

Where a right in terms of the offer falls due to an emigrant, which right is based on shares blocked in terms of the South African Exchange Control Regulations, then only blocked funds may be used to:

- take up rights allocated to such emigrant in terms of the rights offer;
- purchase rights on the JSE; and
- subscribe for rights shares arising in terms of the rights offer.

All applications by emigrants using blocked Rand for the above purposes must be made through the South African authorised dealer controlling their blocked assets. Imbalie share certificates issued pursuant to blocked Rand transactions must be endorsed “non-resident” and placed under the control of the authorised dealer through whom the payments were made.

In respect of Imbalie shareholders taking up their rights in terms of the rights offer:

- a “non-resident” endorsement will be applied to forms of instruction issued to non-resident certificated shareholders; or
- a “non-resident” annotation will appear in the CSDP or broker’s register for non-resident dematerialised shareholders.

Where rights are sold on the JSE on behalf of emigrants, which rights are based on an investment which is blocked in terms of South African Exchange Control Regulations, the proceeds of such sales will be credited to the blocked Rand accounts of the Imbalie shareholders concerned.

Non-resident and emigrant dematerialised shareholders will have all aspects relating to Exchange Control managed by the CSDP or broker.

11. CONSENTS

The Designated Adviser and transfer secretaries have given and have not, prior to the last practicable date, withdrawn their written consents to the inclusion of their names in the form and context in which they appear in this circular.

12. EXPENSES

At the last practical date, estimated expenses of R1 687 136 (excluding VAT) were provided for in respect of the rights offer which will be settled out of the proceeds of the rights offer and include:

	R (excluding VAT)
Corporate advisory fee – Exchange Sponsors	250 000
Transfer secretaries fees – Computershare Investor Services Proprietary Limited	20 000
Printing and other related costs	20 000
JSE documentation fee	24 345
JSE listing fees	12 791
Underwriting fee	1 360 000
	<hr/> 1 687 136 <hr/>

13. DIRECTORS’ RESPONSIBILITY STATEMENT

The directors, whose names are given in paragraph 8 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief there are no facts, the omission of which would make any statement in this circular false or misleading and that they have made all reasonable enquiries to ascertain such facts and this circular contains all information required by law and the Listings Requirements.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, are available for inspection at the registered office of the company, from the date of issue of this circular, up to and including Monday, 22 February 2016:

- the memorandum of incorporation of Imbalie and its subsidiaries;
- the audited financial statements of Imbalie for the years ended 28 February 2015, 28 February 2014 and 28 February 2013;
- the reviewed interim results of Imbalie for the six months ended 31 August 2015;
- copies of all material contracts;
- copies of the directors' service agreements;
- the written consents of the company's professional advisers;
- a signed copy of this circular and letter of allocation approved by the JSE; and
- a signed copy of the underwriting agreements.

15. POST-BALANCE SHEET EVENTS

The following post-balance sheet events occurred between 28 February 2015 and the last practical date:

- It was announced on 25 May 2015 that Shareholders are advised that Placecol Fresh Beauty Proprietary Limited, a 100% subsidiary of Imbalie Beauty has agreed on 22 May 2015 to acquire the business of Prana Products Proprietary Limited.
- It was announced on 4 November 2015 that Imbalie Beauty has entered into Heads of Agreement on 3 November 2015 to acquire Curves Africa from Pembroke Properties Limited and Unakite Investments Limited.
- As announced on SENS on 3 December 2015, Imbalie has issued a total of 25 million ordinary shares of no par value at a price of 12 cents per share in terms of a general authority to issue shares for cash.
- As announced on SENS on 22 January 2016, the directors has resolved on 15 January 2016 to issue an additional 60 000 000 ordinary shares of no par value at a price of 12 cents per share in terms of a general authority to issue shares for cash. The JSE has approved the listing of these additional shares effective 29 January 2016.

Signed at Johannesburg on Monday, 8 February 2016 on behalf of the board of directors in terms of powers of attorney granted to her by such directors.

Ms E Colyn

In her capacity as Chief Executive Officer

Johannesburg
8 February 2016

TABLE OF ENTITLEMENT TO RIGHTS SHARES

The rounded number of rights to new shares to which a rights participant will become entitled will be as follows:

Number of existing ordinary shares held	Number of rights shares to which a rights participant is entitled	Number of existing ordinary shares held	Number of rights shares to which a rights participant is entitled	Number of existing ordinary shares held	Number of rights shares to which a rights participant is entitled
1	0	37	17	73	35
2	1	38	18	74	35
3	1	39	18	75	35
4	2	40	19	76	36
5	2	41	19	77	36
6	3	42	20	78	37
7	3	43	20	79	37
8	4	44	21	80	38
9	4	45	21	81	38
10	5	46	22	82	39
11	5	47	22	83	39
12	6	48	23	84	40
13	6	49	23	85	40
14	7	50	24	86	41
15	7	51	24	87	41
16	8	52	25	88	42
17	8	53	25	89	42
18	9	54	26	90	43
19	9	55	26	91	43
20	9	56	26	92	44
21	10	57	27	93	44
22	10	58	27	94	44
23	11	59	28	95	45
24	11	60	28	96	45
25	12	61	29	97	46
26	12	62	29	98	46
27	13	63	30	99	47
28	13	64	30	100	47
29	14	65	31	1 000	470
30	14	66	31	10 000	4 700
31	15	67	32	100 000	47 000
32	15	68	32		
33	16	69	33		
34	16	70	33		
35	17	71	34		
36	17	72	34		

PRICE HISTORY OF IMBALIE SHARES ON THE JSE

The lowest, highest, closing market prices and volumes traded of Imbalie shares on the JSE during the following periods were as follows:

Daily price data

Date	High (Cents)	Low (Cents)	Close (Cents)	Volume
2016/01/19	0	0	15	0
2016/01/18	0	0	15	0
2016/01/15	0	0	15	0
2016/01/14	0	0	15	0
2016/01/13	0	0	15	0
2016/01/12	0	0	15	0
2016/01/11	0	0	15	0
2016/01/08	15	15	15	394
2016/01/07	0	0	15	0
2016/01/06	0	0	15	0
2016/01/05	0	0	15	0
2016/01/04	0	0	15	0
2015/12/31	0	0	15	0
2015/12/30	0	0	15	0
2015/12/29	0	0	15	0
2015/12/28	0	0	15	0
2015/12/24	0	0	15	0
2015/12/23	15	15	15	500
2015/12/22	0	0	15	0
2015/12/21	0	0	15	0

Monthly price data

Date	High (Cents)	Low (Cents)	Close (Cents)	Volume
2015/12/31	15	15	15	9 266
2015/11/30	15	10	12	78 335 131
2015/10/31	15	11	13	68 273
2015/09/30	15	11	12	290 807
2015/08/31	15	13	15	1 048 118
2015/07/31	18	12	12	262 713
2015/06/30	18	12	17	1 521 723
2015/05/31	15	11	14	465 122
2015/04/30	20	11	17	264 462
2015/03/31	20	10	20	489 410
2015/02/28	21	15	15	248 219
2015/01/31	16	8	16	1 888 046

INFORMATION ON THE UNDERWRITERS

The following information on the underwriters is disclosed in accordance with the JSE Listings Requirements:

Company name:	Gayatri Paper Mills Proprietary Limited	SA Madiba Investments Proprietary Limited
Registration number:	2003/018242/07	1998/015202/07
Date of incorporation:	31/07/2003	04/04/1998
Place of incorporation:	North West Province	Pretoria
Directors:	Mr K Chhita; Mr R Chhita; Mr B Rama; Mr I Govan	WP van der Merwe
Company secretary:	–	Goosen Mellet Chartered Accountants
Banker:	Nedbank	FNB
Authorised share capital:	R100	1 000 shares
Issued share capital:		100 shares

