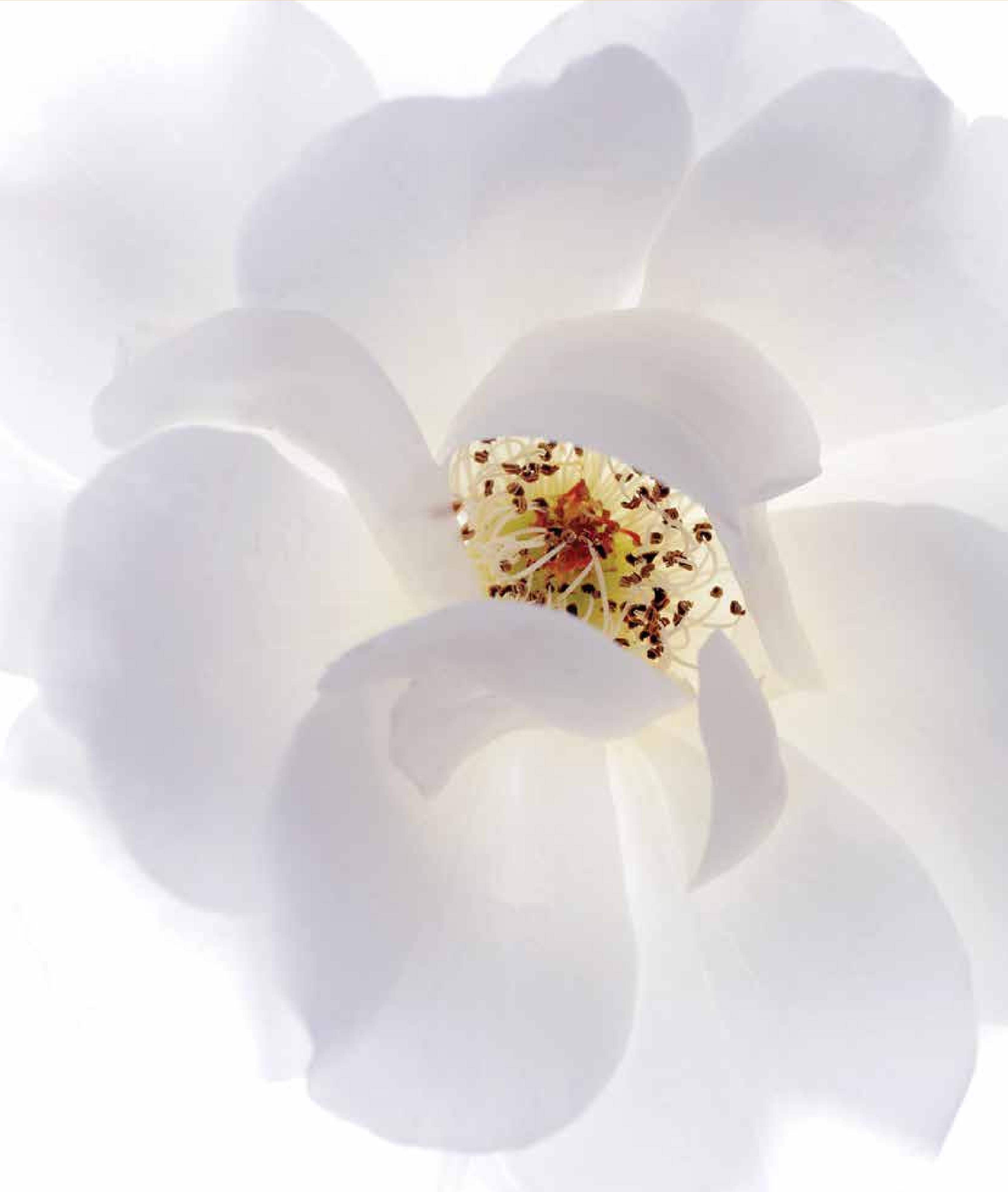
Integrated Report 2013

IMBALIE BEAUTY™



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Overview

Vision
To be the largest and most desirable beauty franchise group.

Mission
To make a positive change in the world through self-improvement and self-empowerment, and by increasing the self-esteem of our customers.

Imbalie Beauty Proposition
In our modern world, we live longer, work harder, and have to look good for longer. Beauty is no longer considered a guilty treat, but it is a tool for living your life successfully.

Goals for 2014
- To attract and retain world-class employees, managers and beauty therapists, technicians and hair stylists throughout our salon group.
- To ensure that it is easy for our end consumer to purchase and experience our products and services at all our outlets.
- To ensure that every client has an excellent experience at each of our outlets and that each of our franchisees receive the best support from us as a franchisor.
- To ensure that all Key Performance Indicators of our employees are aligned to the financial performance of the group.

Main Business
Imbalie Beauty is mainly a franchisor that markets and distributes its own and independent health and beauty brands to its own distribution footprint consisting of 153 own and franchised beauty salons, large retailers, independent beauty salons and selected pharmacies. As a franchisor and service provider of beauty treatments, the group is engaged in ongoing training of all beauty and nail technicians to ensure that service levels are maintained and that the group's service and retail offerings are standardised.

Main Salon Brands
Placecol Skin Care Clinic
With our service guarantee as the largest chain of skin care clinics in South Africa, Placecol, commands the buying power to offer to customers professional treatments and technology at everyday prices. Only technology that is scientifically proven to be safe and effective is used during treatments. Our professional skincare products offered in Placecol Skin Care Clinics are innovative and offer scientifically proven benefits to consumers.

Dream Nails Beauty Salon
This 28 year old brand offers the best in nail enhancements and beauty treatments with retail products through the Dream Nails Beauty nationwide salon network.

Perfect 10 Studio
In 2003, Perfect 10, one of South Africa's largest branded Nail and Body Studios was launched, re-inventing the beauty industry as we all know it to be. Perfect 10 prides itself on offering the latest in international trends, using only the very best quality products.

Worldé of Beauté Salon
The Worldé of Beauté concept store offers the best in skincare, nail care and hair care in both services and retail offerings to its customers.

Turnover Generation
The group mainly generates its revenue from the distribution and retail of its own and independent branded products, royalties and from the opening of new outlets. Turnover is driven by marketing efforts in the health and beauty category. Innovation is one of the key drivers in the beauty category.

Overview of 2013
The directors of Imbalie Beauty Limited ("Imbalie Beauty" or "the company" or "the group") herewith present the audited annual financial results for the year ended 28 February 2013 ("the 2013 year" or "2013"). 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 153 beauty salons nationally. In addition, Imbalie Beauty's products are distributed through other large retailers, independent salons and pharmacies.

The group experienced trading conditions during the latter part of the 2013 financial year that were more difficult than expected, mainly due to a slow-down in consumer spending (not only confined to South Africa but also part of a worldwide trend). During 2013, the group focused on the integration of the Perfect 10 chain, which was acquired with effect from 1 March 2012. The Perfect 10 chain has since the acquisition grown from 55 to 62 studios nationally.

The announcement of the acquisition of Perfect 10 was made simultaneous to Imbalie Beauty launching its new corporate name and brand, namely "Imbalie Beauty". The word "Imbalie" is derived from the Zulu word for flower. This is appropriately symbolic of the group's holistic and comprehensive beauty offering which encompasses skincare, nail care, hair care and various other beauty products and services.

The group will continue to be a multiple brand owner, owning Placecol Skin Care Clinics, Dream Nails Beauty salons, Perfect 10 studios and Worldé of Beauté salons.

The 2013 was a year of both consolidation and building on the solid foundations laid after the acquisition of the Perfect 10 franchise chain. To assist the group in fulfilling one of its goals, which is to provide great support to its underlying salons, the group embarked upon "Project Facelift" and has to date renovated 31 of its own and franchised beauty salons. The major objectives of "Project Facelift" are:

- to rebrand Placecol Beauty Centres to Placecol Skin Care Clinics, with the introduction of Hair Removal and Skin Rejuvenation technology into the Placecol Skin Care Clinics;
- rebranding of the DNB salons to Dream Nails Beauty salons;
- to improve the trading densities of existing salons; and
- to improve the retail offerings in salons.

The Imbalie Beauty Training Academy was strengthened during 2013 with the offering of induction courses to new franchisees, business training to existing franchisees and beauty and nail training to employees of franchisees. The group introduced a defined contribution pension fund during the year for its employees and the employees of the franchisees.

As part of the Perfect 10 acquisition, the group embarked on a process to implement standardised computer systems into all Perfect 10 salons. This was not fully implemented at year end and the group will continue with the process during the current year.

The group experienced an increase in system-wide sales revenue (including gift cards) for the 2013 year of 67% to R220 million (2012: R132 million) in respect of its Placecol Skin Care Clinics, Dream Nails Beauty salons, Perfect 10 Nail & Body studios and Worldé of Beauté salons, mainly due to the acquisition of the Perfect 10 franchise chain.

The group owned 16 corporate outlets at year-end. These outlets are included under inventories as they are available for resale. Three of these corporate outlets were relocated during 2013 to improve their profitability and chances of being sold to prospective franchise owners. Management will continue to focus on selling these outlets to potential owner operator franchisees.

Subsequent Events
There are no material subsequent events to report on.

Prospects
Our prospects in 2014, with cognisance of the current economic environment will be:

- the ongoing consolidation and repositioning of existing brands;
- furthering the process of the refreshing and refurbishing the salons in partnership with current franchise owners;
- expanding our retail offering in our salons;
- continuously seeking out additional growth opportunities;
- aligning the purchasing and processing systems in use across all beauty outlets; and
- strengthening the Imbalie Beauty Training Academy.

During May 2013 the group launched, a new anti-ageing serum and related products from a Biotechnology company in Iceland of which the group is the exclusive distributor. This skin care product range is the first, and at the moment only, skin care product range in the world that contains a replica of human growth factors produced in plants. This revolutionary and groundbreaking product range will be distributed to the group's retail footprint. It also enforces the group's stance to continue to innovate by providing revolutionary products to its customers that offer visible results.

This prospects statement has not been audited or reported on by the group's auditors.

Board of Directors

Non-executive Directors

Hilda Lunderstedt (Chairman of Board) (B.Sc (Pharm) (47)
Hilda has over 10 years' experience in the health and wellness industry. She recently sold her health and wellness business to a large pharmaceutical player. This business had previously received the 2008 "Go for Growth" award in recognition of its contribution to the industry. Hilda's strong entrepreneurial skills and flair will add to the current expertise of the group.

Theo Schoeman (Lead Independent Director) B Com (Computer Science), B Com Hons (CA) SA (49)
Theo served his articles with Coopers & Lybrand. He has a corporate finance background and his wide business experience encompasses, *inter alia*, industry consolidation and the set-up of new businesses, involvement with new listings as well as international experience. He received the "Centurion Businessman of the Year" award in 2005. He is currently the Chief Executive Officer of the Centurion Academy.

Mitesh Patel (Independent) (Chairman of Audit Committee) B Com Hons (CA) SA (39)
Mitesh Patel is a qualified Chartered Accountant and has over 10 years of experience in assurance and business advisory, both in the private and public sector. Mitesh is currently the Managing Partner of Nkonki Inc. Mitesh has also been involved in Audit Committees for at least ten years.

Mitesh is also an Independent Non Executive Director and Chairman of Audit Committees of companies listed on Johannesburg Stock Exchange. Mitesh is the Chairman of the Audit Committee of Skinwell Limited and Alert Limited, he is also the chairman of the board of Wearne Limited

Mitesh has a very strong grasp of corporate governance principals as per King III, Risk Management, Director Responsibilities Principles, Integrated Reporting and the new Companies Act 71 of 2008 and has been advising the private and public sector on best practice recommendations of King III and compliance with new Companies Act 71 of 2008.

Gys van Nieuwenhuizen (Independent) (Chemical Engineer) (52)
Gys is a Chemical Engineer and has vast experience in new product development, manufacturing and the set-up of new businesses locally, in the US and European markets. He has held the position of managing director at a number of companies.

Wessel van der Merwe B Com Hons (CA) SA (44)
Wessel has accumulated more than 16 years' experience in investment banking and corporate finance. He completed his articles with Arthur Anderson before spending three years in investment banking at Gensec Bank. Wessel then founded a corporate finance business and later co-founded a JSE-Sponsor business, which was responsible for the most listings on the JSE's AltX to date. Wessel is experienced in all aspects of corporate finance, but his specific skills lie in deal negotiation and structuring as well as capital raising. He has an extensive network of clients and introduced BEE shareholders into most of the listings undertaken by his business. He currently serves as a member of the JSE's AltX Advisory Committee.

Executive Directors

Esna Colyn (Chief Executive Officer) B Com Hons (CA) SA (46)
Esna has over 15 years' experience in investment banking, private equity and corporate finance. She started her career at Hoek & Wiehahn (today's PricewaterhouseCoopers) and subsequently joined PWC's corporate finance division. Two years later, Esna moved to ABN Amro Bank's financial control department where she assisted in establishing the company's foreign banking division in South Africa. She also spent three years at Investec Bank Limited's private equity division before gaining experience as a shareholder and director of a manufacturing concern. Esna later joined a small corporate finance business where she was instrumental in listing various companies on the JSE. In 2007 she assisted with the listing of Placecol Holdings Limited (now Imbalie Beauty Limited) and subsequently joined the group in May 2010 as CEO.

Melinda Malan – (Financial Director) B Com Hons (CA) SA (28)
Melinda joined Imbalie Beauty in January 2011 and has demonstrated strong execution and leadership qualities. She completed her articles at KPMG Inc. in December 2010 and joined the Imbalie Beauty group as Financial Director. She has a special affinity with the beauty industry and is up to date with all the latest International Financial Reporting Standards.

Report of the Chairman and CEO

Introduction
Despite comprising brands and franchises that are both well-established and recognised in South Africa, we recognise the fact that our business journey towards success and sustainability is an ongoing one. We have identified the following business goals or objectives for 2013:

- to become the most desirable beauty franchise group in South Africa;
- to expand the support structure for franchisees to ensure their sustainability and profitability;
- to attract and retain world-class managers and beauty therapists, technicians and hair stylists throughout the salon group; and
- to consistently introduce innovative beauty products and services.

All of these have been developed in line with our mission of making a positive change in the world through self-improvement and self-empowerment, by increasing the self-esteem of our customers.

Financial Overview
Group revenue increased by 15.5% to R71.5 million (2012: R61.9 million) during the year as a result of increased marketing, the introduction of new brands, high technology skin rejuvenation and hair removal machines and increased royalty income earned from the Perfect 10 franchise chain acquired and existing outlets in the group. Gross profit increased by 3.3% to R43.8 million (2012: R42.4 million) and gross profit margins decreased by 7.2% to 61.3% (2012: 68.5%), due to the introduction of new brands and promotional offerings distributed by the group to beauty salons, which attract lower margins.

Operating expenses increased by 4.7% to R41.2 million (2012: R39.3 million), however marketing and advertising spend grew 30% compared to the previous period. The group incurred once-off costs of approximately R2 million during the year mainly due to the change of name of the holding company and the underlying subsidiaries and other costs associated with the acquisition of the Perfect 10 franchise chain.

The definite highlights of 2013 year were:

- the integration of the Perfect 10 acquisition into the Imbalie Beauty group;
- the increase in group revenue by 15.5%;
- renovation and relocation of 31 outlets; and
- positive cash flows generated from operating activities.

The performance of the company's growth in earnings and headline earnings were flat when compared to the previous year and earnings per share decreased to 0.57 cents (2012: 1.07 cents), while headline earnings per share decreased to 0.58 cents (2012: 1.07 cents). The decline in earnings and headline earnings per share can be attributed primarily to the increase in shares in issue as a result of the company issuing shares for cash at the beginning of the 2013 financial year to fund the Perfect 10 acquisition.

Corporate outlets to the value of R7.5 million, which are available for resale, are included in inventories. It will be a priority for management to sell these outlets to franchisees in order to strengthen the cash flow of the group. During the year the group opened a Dream Nails Beauty concept outlet in Jubilee Mall and relocated three of its corporate outlets in Port Elizabeth, Welkom and Pretoria North to better locations, which led to the increase in inventories on hand.

To fund the acquisition of Perfect 10 the company completed a general issue of shares for cash whereby 109 375 000 ordinary shares were placed with a number of independent public shareholders at a price of 16 cents per share raising R17.5 million ("the general issue for cash").

The company has also entered into a loan agreement, whereby the company secured a R5 million three year term loan at an interest cost of 8% per annum. The total amount of R22.5 million raised was utilised to settle the Perfect 10 purchase consideration, repay other long-term liabilities and to strengthen the company's balance sheet.

The material increase in intangible assets relates to the acquisition of Perfect 10, and the trademarks and franchise agreements acquired by the group.

The group had no material capital commitments for the purchase of property, plant and equipment as at 28 February 2013.

Directorate
No changes were made to the directorate since the last integrated report.

Prospects
Our prospects in 2014, with cognisance of the current economic environment will be:

- the ongoing consolidation and repositioning of existing brands;
- furthering the process of refreshing and refurbishing of the salons in partnership with current franchise owners;
- expanding our retail offering in our salons;
- continuously seeking out additional growth opportunities;
- aligning the purchasing and processing systems in use across all beauty outlets; and
- strengthening the Imbalie Beauty Training Academy.

During May 2013 the group launched, a new anti-ageing serum and related products from a Biotechnology company in Iceland of which the group is the exclusive distributor. This skin care product range is the first and at the moment only skin care product range in the world that contains a replica of human growth factors produced in plants. This revolutionary and groundbreaking product range will be distributed to the group's retail footprint. It also enforces the group's stance to continue to innovate by providing revolutionary products to its customers that offer visible results.

This prospects statement has not been audited or reported on by the group's auditors.

Appreciation
The directors would like to thank all our stakeholders for their continued support during the year.

Hilda Lunderstedt
Non-Executive Chairman

Esna Colyn
Chief Executive Officer

Application of King III within Imbalie Beauty Limited

The JSE has included certain aspects of South Africa's King III Report on Corporate Governance ("King III") in its Listings Requirements. The Board has adopted the recommendations on good corporate governance contained in the King III Report, as well as the King Code of Governance Principles for South Africa. The King III principles and recommendations have been implemented across Imbalie Beauty. A full report of our compliance with each of the King III principles is available on the Imbalie Beauty website, www.imbaliebeauty.co.za.

Memorandum of Incorporation

On 1 May 2011, South Africa's Companies Act No 71 of 2008 (as amended) ("the Act") came into force – replacing the Companies Act No 61 of 1973. Although already compliant with most of the terms of the Act prior to it coming into force, during 2012 we took additional actions to ensure full conformance with the Act and the amended JSE Listings Requirements, including implementation of our new Memorandum of Incorporation ("MOI") (which replaces our previous Articles of Association). These were approved at our annual general meeting (AGM) on Wednesday, 12 September 2012. We are in the process of ensuring all the MOI's of our subsidiary companies are similarly aligned.

Awards and external recognition

During 2012, Imbalie Beauty won the following awards and recognition, among others:

1. The Professional Beauty Awards 2012: Best Marketing Support
2. ELLE Beauty Awards: Cleansers and Exfoliators Placecol AHA Exfoliating Cream

Board of Directors

The Board is the highest governing authority of the company. The Board Charter articulates the objectives and responsibilities of the Board (see below). Likewise, each of the Board sub-committees operates in accordance with written terms of reference, which are regularly reviewed by the Board. The Board takes ultimate responsibility for the Company's adherence to sound corporate governance standards and sees to it that all business decisions and judgements are made with reasonable care, skill and diligence. Non-Executive Directors are expected to contribute an unfettered and independent view on matters considered by the Board. All directors have the requisite knowledge and experience required to properly execute their duties, and all participate actively in Board meetings.

In terms of the MOI, the number of directors shall not be less than four and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of directors as they from time to time shall consider appropriate. At the date of issuing the Integrated Report the Board comprised seven directors, of whom only two are Executive Directors and five Non-Executive Directors, three of whom are independent. Advised by the Remuneration and Nominations Committee, the Board ensures that the election of independent directors falls on reputable persons of well-known competence and experience, who are willing to devote a sufficient part of their time to the Company.

Details of the directors in office as on 28 February 2013 appear on page 3 of this report.

The roles of the Chairman of the Board and the Chief Executive Officer ("CEO") are kept separate. There is a clear division of responsibilities on the Board, which forms part of the policy to ensure a balance of power.

In 2012, there was a single change to the composition of the Board. Ms HA Lunderstedt was appointed as Chairman of the Board on 3 May 2012. Prior to her appointment Mr TJ Schoeman, the lead independent Non-Executive Director was the Chairman of Imbalie Beauty.

The Board reviewed and approved the Board Charter to align it to the recommendations of King III. The Board Charter compels directors to promote the vision of the Company, while upholding sound principles of corporate governance. The Board Charter sets out the primary functions of the Board as being to:

- retain full and effective control of the group;
- review and approve corporate strategy;
- approve and oversee major capital expenditure, acquisitions and disposals;
- review and approve annual budgets and business plans;
- monitor operational performance and management;
- determine the group's purpose and values;

- ensure that the group complies with sound codes of business behaviour;
- ensure that appropriate control systems are in place for the proper management of risk, financial control and compliance with all laws and regulations;
- appoint the Chief Executive Officer and ensure proper succession planning for executive management;
- regularly identify and monitor key risk areas and the management thereof; and
- to oversee the company's disclosure and communication process.

The Board's governance procedures and processes are continuously being reviewed and a number of specific policies have been adopted by the Board, expanding on the content of the Board charter in the following areas:

- communication on behalf of the company and the Board;
- conflict of interest;
- access to professional advice;
- whistleblowing policy; and
- trading in company shares.

An orientation and induction programme for directors is in place. Directors have unrestricted access to company information and records. A policy dealing with conflicts of interests has been adopted and a register of directors' declarations of interest is retained.

The Board is required to meet at least four times a year. During 2013, it convened four times. Quarterly Board meetings have been included in the Board's annual calendar. In addition to the above the Board approved a specific governance work plan to ensure that the Board discharged its duties in a structured manner and that all governance issues are considered and appropriately dealt with in an annual cycle.

Summary attendance table of Board meetings during the financial year ended 28 February 2013

Member	24/05/2012	17/07/2012	09/11/2012	26/02/2013
HA Lunderstedt	P	P	P	P
E Colyn	P	P	P	P
M Malan	P	P	P	P
MM Patel	P	P	P	P
TJ Schoeman	P	P	P	P
GSJ Van Nieuwenhuizen	P	P	P	P
WP van der Merwe	P	P	P	P

Key:

P – Present

Executive Directors' service contracts may be terminated with one to three months' notice. The daily management of the group's affairs is the responsibility of the CEO. In addition to the annual work plan, an approvals framework is also in place, setting out the respective responsibilities and levels of authority of the Board and executive management. The Board is kept informed of all developments at the company, primarily through the Executive directors and the Company Secretary.

Company Secretary

iThemba Governance and Statutory Solutions (Pty) Limited, represented by Ms Elize Greeff (B.Iur. LLB) is the Company Secretary. Ms Greeff has nearly 18 years' experience as a Company Secretary and corporate lawyer and is actively involved in assisting the Board in its governance initiatives.

During the year under review, the Board is satisfied with the competence, qualifications and experience of iThemba and Ms Greeff and that she maintained an arms-length relationship with the Board of directors.

Rotation and retirement from the Board
In accordance with the MOI, one-third of the Non-Executive Directors shall retire from office at each annual general meeting and their re-appointment is subject to shareholders' approval. All Non-Executive Directors are subject to retirement and re-election by shareholders every second year. In addition, all directors are subject to election by shareholders at the first opportunity after their initial appointment. The Board, assisted by the Remuneration and Nominations Committee, recommends the eligibility of retiring directors (subject to availability and their continued ability to contribute to the business) for re-appointment. The directors retiring by rotation at the forthcoming annual general meeting are Messrs GSJ van Nieuwenhuizen and WP van der Merwe.

Remuneration
Details of directors' fees and remuneration are fully disclosed in note 34 to the financial statements. In addition, the proposed fees to be paid to Non-Executive Directors for approval by shareholders by way of a special resolution are set out in the notice of the annual general meeting forming part of this report. Non-Executive Directors only receive remuneration that is due to them as members of the Board. Directors serving as members on Board sub-Committees receive additional remuneration. Remuneration of executive Directors in their capacities as executive members of the management team as approved by the Remuneration and Nomination Committee is fully disclosed in note 34 to the financial statements.

Monitoring of performance
The Chairman is appointed on an annual basis by the Board, with the assistance of the Remuneration and Nominations Committee. The Nominating and Governance Committee assesses the independence of Non-Executive Directors annually.

In 2012 a detailed self-assessment of the performance of the Board and its Committees was conducted in line with the latest recommendations by King III and the results thereof were considered in order to identify areas for improvement. The assessments found the structures and processes governing the Board and its Committees were well established and functioning satisfactorily. It also found that the Board had fulfilled its role and responsibilities and had discharged its responsibility to the company, shareholders and other stakeholders in an exemplary manner.

Board Committees
The Board has established a number of standing Committees with delegated authority from the Board. Each Committee has agreed terms of reference as approved by the Board that addresses issues such as composition, duties, responsibilities and scope of authority.

Although the Board delegates certain functions to these Committees, it retains ultimate responsibility for their activities. The Committee members are all independent Non-Executive Directors and the CEO and CFO are permanent invitees to each Committee meeting. Each Board Committee is chaired by a Non-Executive Director.

Committees operate in accordance with Board approved terms of reference, as well as annual work plans, which are reviewed and updated on a regular basis to align them further with best practice. The Board appoints the chairmen and the members of these Committees. In addition, the Committees are required to evaluate their effectiveness and performance on an annual basis and to report the respective findings to the Board for consideration. The Board has an audit, risk, remuneration and nomination Committee as well as a social and ethics Committee. All these Committees operate under Board approved terms of reference.

Audit Committee
The Committee consisted of three independent Non-Executive Directors throughout the financial year and membership and attendance at meetings is set out on page 9. At the time of publishing the integrated report, the composition of the Audit Committee was as follows:

Mr MM Patel (Chairman)

Mr GSJ van Nieuwenhuizen

Mr TJ Schoeman

The relevant resolution for the appointment of the Audit Committee as required by the Act is set out in the notice of the annual general meeting as contained in this report. The Board is satisfied that the members as proposed for approval by shareholders meet the definition of Non-Executive Directors, acting independently, as defined in the Act.

The Audit Committee has updated, formal Board approved terms of reference. The Board is satisfied that the Committee has complied with these terms and with its legal and regulatory responsibilities as set out in the Act, King III and the JSE Listings Requirements. The terms of reference for the Audit Committee intend to ensure compliance with both governance recommendations and statutory requirements.

The Board believes that the members collectively possess the knowledge and experience to exercise oversight of Imbalie Beauty financial management, internal and external auditors, the quality of Imbalie Beauty financial controls, the preparation and evaluation of Imbalie Beauty financial statements and financial reporting. The Board has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage the risk of business failures and to provide reasonable assurance against such failures but this is not a guarantee that such risks are eliminated.

It is the duty of this Committee, among other things, to monitor and review:

- Reporting:
    - Evaluate any factors that may predispose the management to present an incomplete or misleading picture of the company's position, performance or sustainability;
    - Monitor significant judgments and reporting decisions affecting the integrated report made by management;
    - Consider any evidence that comes to its attention that brings into question any previously published financial or sustainability information, including complaints about this information; and
    - Review forward-looking statements of financial or sustainability information to ensure that the information provides a proper appreciation of the key drivers that will enable the company to achieve these forward-looking goals.
- Financials:
    - Comment on the financial statements, the accounting practices and the internal financial control of the company responsible for evaluating the significant judgments and reporting decisions affecting the company;
    - Incorporate the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information and prospectuses, trading statements, circulars and similar documents;
    - Resolve the disagreements on auditing or accounting matters between the management and the external auditors; and
    - Make a statement on the going concern status of the company.
- Sustainability:
    - Overseeing the integrity of the integrated report, and
    - Assist the Board in approving the disclosure of sustainability issues in the integrated report.
- Consider whether the external auditor should perform assurance procedures on interim results.
- Ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities
- Satisfy itself of the expertise, resources and experience of the company's finance function
- Responsible for overseeing of internal audit.
- Overseeing financial risk management and controls.
- Recommending the appointment of the external auditor and overseeing the external audit process.
- Report to the Board and shareholders on how it has discharged its duties.
- Review reports of external auditors.
- Evaluate of the performance of the Financial Director.

- Review and monitor the adequacy and effectiveness of the company's enterprise-wide risk management policies, processes and mitigating strategies.
- Govern information technology (IT) and the effectiveness of the company's information systems.
- Review and monitor quarterly and annual financial and operational reports, the annual financial statements and all other widely distributed documents.
- Review and monitor compliance with applicable legislation, requirements of appropriate regulatory authorities.

The Committee is responsible for facilitating the relationship with the external auditors and for monitoring the non-audit services provided by the external auditors. The external auditors have direct access to the Chairman of the Committee and attend all meetings of the Committee ensuring that auditors are able to maintain their independence. The Chairman of the Committee is expected to attend the annual general meeting in order to answer any questions that shareholders may have relevant to the Committee's areas of responsibility. The Committee is responsible for recommending the appointment of a firm of external auditors to the Board who in turn will recommend the appointment to the shareholders. The Committee is also responsible for determining that the designated appointee has the necessary experience, qualifications and skills and that the audit fee is adequate.

The Committee has, in addition to its other duties, also satisfied itself as to the appropriateness of the experience and expertise of the Financial Director as required in terms of the JSE Listings Requirements.

The Board is satisfied that the Committee has been equipped to properly fulfil its duties going forward.

The Statutory Report of the Committee as required by the Act can be found on page 22 of the integrated report.

Summary attendance table of members at the Audit Committee meetings during the financial year ended 28 February 2013

Member	18/05/2012	17/07/2012	31/10/2012	18/02/2013
MM Patel	P	P	P	P
TJ Schoeman	A	P	P	P
GSJ van Nieuwenhuizen	P	P	P	P

Key:

P – Present; A – Apology

Remuneration and Nomination Committee

At the time of publishing the annual report, the composition of the Remuneration and Nomination Committee was as follows:

Mr WP van der Merwe (Chairman)

Mr MM Patel

The Committee is primarily responsible for assisting the Board in formulating remuneration and other employment policies as well as the remuneration philosophy of Imbalie Beauty and to structure appropriate remuneration packages for Executive Directors, based on industry standards and the best interests of all parties concerned. The Committee also assists the Board in the nomination of new Board candidates and ensuring regular assessment of Board performance. During 2013, it convened three times.

Summary attendance table of members at the Remuneration and Nomination Committee meetings during the financial year ended 28 February 2013

Member	18/05/2012	31/10/2012	18/02/2013
WP van der Merwe	P	P	P
MM Patel	P	P	P

Key:

P – Present

Risk Committee

The main purpose of the Risk Committee is to assist the Board in ensuring that management has an effective enterprise wide risk management process that identifies and monitors the management of the key risks facing the company in an integrated and timely manner. It further provides oversight and advice to the Board in relation to current and potential future risk exposures of the group and future risk strategy, including determination of risk appetite and tolerance.

At the time of publishing the annual report, the composition of the Risk Committee was as follows:

Mr GSJ van Nieuwenhuizen (Chairman)

Ms E Colyn

Ms M Malan

Mr MM Patel

Summary attendance table of members at the Risk Committee meetings during the financial year ended 28 February 2013

Member	18/05/2012	31/10/2012	18/02/2013
GSJ van Nieuwenhuizen	P	P	P
E Colyn	P	P	P
M Malan	P	P	P
MM Patel	P	P	P

Key:

P – Present

Social and Ethics Committee

The recently established Social and Ethics Committee saw its first full year of operation over 2012 and was subject to an annual work plan to ensure it met all of its statutory requirements.

It is the responsibility of this Committee, to ensure, among other things, that:

- the company discharges its statutory duties in respect of section 72 of the Act dealing with the structure and composition of Board sub-Committees;
- the company upholds the goals of the Organisation of Economic Co-operation and Development (OECD) recommendations regarding corruption;
- the company complies with the Employment Equity Act (as amended) and the Broad Based Black Economic Empowerment Act (as amended);
- the company's directors and staff comply with the Company's Code of Ethics;
- the company practices labour and employment policies that comply with the terms of the International Labour Organisation (ILO) protocol on decent work and working conditions;
- the company ensures the continued training and skills development of its employees; and
- the company performs its responsibilities in respect of social and ethics matters in line with relevant policies and that these policies are reviewed on an annual basis, or as required.

At the time of publishing the annual report, the composition of the Social and Ethics Committee was as follows:

Mr WP van der Merwe (Chairman)

Ms E Colyn

Ms M Malan

Summary attendance table of members at the Social and Ethics Committee meetings during the financial year ended 28 February 2013

Member	09/11/2012	18/02/2013
WP van der Merwe	P	P
E Colyn	P	P
M Malan	P	P

Key:

P – Present

Analysis of the application of the 75 corporate governance principles as recommended in the King III Report

Area	Requirement		Status	Comments
1. Ethical leadership and corporate citizenship				
	1.1	The board should provide effective leadership based on an ethical foundation	Applied	
	1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	
	1.3	The board should ensure that the company's ethics are managed effectively	Applied	
2. Boards and directors				
	2.1	The board should act as the focal point for and custodian of corporate governance	Applied	
	2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	
	2.3	The board should provide effective leadership based on an ethical foundation	Applied	
	2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	
	2.5	The board should ensure that the company's ethics are managed effectively	Applied	
	2.6	The board should ensure that the company has an effective and independent audit committee	Applied	
	2.7	The board should be responsible for the governance of risk	Applied	
	2.8	The board should be responsible for information technology (IT) governance	Explained	Refer 5.1
	2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	
	2.10	The board should ensure that there is an effective risk-based internal audit	Explained	Refer 7.1
	2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Applied	
	2.12	The board should ensure the integrity of the company's integrated report	Partially applied	The group is in the process to expand and improve on sustainability reporting, this will however be a three to five year project.

Area	Requirement		Status	Comments
	2.13	The board should report on the effectiveness of the company's system of internal controls	Applied	
	2.14	The board and its directors should act in the best interests of the company	Applied	
	2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Not Applicable	
	2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfill the role of chairman of the board	Explained	The chairman is not independent and a lead independent non-executive director is appointed.
	2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied	
Composition of the board	2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied	
Board appointment process	2.19	Directors should be appointed through a formal process	Applied	
Director development	2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Partially applied	The board will continue to focus on improvements and attend training courses for overall improvement.
Company secretary	2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	
Performance assessment	2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Applied	Self-assessments were completed for the period under review and the Board will continue to focus on improvements.
Board committees	2.23	The board should delegate certain functions to well- structured committees but without abdicating its own responsibilities	Applied	
Group boards	2.24	A governance framework should be agreed between the group and its subsidiary boards	Applied	
Remuneration of directors and senior executives	2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	
	2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Applied	
	2.27	Shareholders should approve the company's remuneration policy	Applied	
3. Audit committees				
	3.1	The board should ensure that the company has an effective and independent audit committee	Applied	

Area	Requirement		Status	Comments
	3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	Applied	
	3.3	The audit committee should be chaired by an independent non-executive director	Applied	
	3.4	The audit committee should oversee integrated reporting	Applied	
	3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Partially applied	Refer 2.12
	3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Applied	
	3.7	The audit committee should be responsible for overseeing of internal audit	Explained	Refer 7.1
	3.8	The audit committee should be an integral component of the risk management process	Applied	
External assurance providers	3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied	
Reporting	3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	Applied	
	4.2	The board should determine the levels of risk tolerance	Applied	
	4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Applied	
Management's responsibility for risk management	4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Applied	
	4.5	The board should ensure that risk assessments are performed on a continual basis	Applied	
	4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied	
Risk response	4.7	The board should ensure that management considers and implements appropriate risk responses	Applied	
Risk monitoring	4.8	The board should ensure continual risk monitoring by management	Applied	
Risk assurance	4.9	The board should receive assurance regarding the effectiveness of the risk management process	Applied	

Area	Requirement		Status	Comments
Risk disclosure	4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied	
5. The governance of information technology				
	5.1	The board should be responsible for information technology (IT) governance	Explained	The group's IT structure is not complex. Standardised systems are in place and therefore IT governance minimal standards are complied with and managed by the IT steering committee. The draft IT Steering Committee Charter was finalised during the period. The function currently fell within the portfolio of the Information Technology manager, who reported directly to the executive committee. As the IT team would be strengthened, the appointment would be further considered by the executive committee and the board during the next financial year.
	5.2	IT should be aligned with the performance and sustainability objectives of the company	Explained	Refer 5.1
	5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	Explained	Refer 5.1
	5.4	The board should monitor and evaluate significant IT investments and expenditure	Applied	
	5.5	IT should form an integral part of the company's risk management	Applied	
	5.6	The board should ensure that information assets are managed effectively	Applied	
	5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	Applied	
6. Compliance with laws, rules, codes and standards				
	6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules codes and standards	Applied	
	6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Applied	
	6.3	Compliance risk should form an integral part of the company's risk management process	Applied	
	6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Applied	

Area		Requirement	Status	Comments
7. Internal Audit				
The need for and role of internal audit	7.1	The board should ensure that there is an effective risk based internal audit	Explained	Due to the size of the company and cost constraints, it did not have a formal appointed internal auditor and/or internal audit department. Internal audit related functions were fulfilled and various procedures and controls had been put in place to address discrepancies identified. The Risk Matrix and the Risk committee monitor all internal controls and procedures to develop the combined assurance model. Formal reporting to the Audit Committee on the processess are done on a regular basis.
	7.2	Internal audit should follow a risk based approach to its plan	Explained	Refer 7.1
	7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	Explained	Refer 7.1
	7.4	The audit committee should be responsible for overseeing internal audit	Explained	Refer 7.1
Internal audit's status in the company	7.5	Internal audit should be strategically positioned to achieve its objectives	Explained	Refer 7.1
8. Governing stakeholder relationships				
	8.1	The board should appreciate that stakeholders 'perceptions affect a company's reputation	Applied	
	8.2	The board should delegate to management to proactively deal with stakeholder	Applied	
	8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Applied	
	8.4	Companies should ensure the equitable treatment of shareholders	Explained	Although the draft stakeholder relations policy had not yet been finalised, the board considered the legitimate interests and expectations of all its stakeholders and there had been equitable treatment of all holders of the same class of shares issued, including minorities and between holders of different classes of shares in the company.
	8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied	

Area	Requirement		Status	Comments
Dispute resolution	8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Applied	
9. Integrated reporting and disclosure				
	9.1	The board should ensure the integrity of the company's integrated report	Partially applied	Refer 2.12
	9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Partially applied	Refer 2.12
	9.3	Sustainability reporting and disclosure should be independently assured	Explained	Refer 2.12

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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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Independent Auditors’ Report

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF IMBALIE BEAUTY LIMITED AND ITS SUBSIDARIES

We have audited the consolidated and separate annual financial statements of Imbalie Beauty Limited set out on page 26 to 68, which comprise the statements of financial position as at 28 February 2013, the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated and separate annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated and separate annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual financial statements. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the eectiveness of the entity’s internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group and company as at 28 February 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate annual financial statements for the year ended 28 February 2013, we have read the Directors’ Report, the Audit Committee’s Report and Company Secretary’s Certicate for the purpose of identifying whether there are material inconsistencies between these reports and the consolidated and separate annual audited financial statements. These reports are the responsibility of the respective preparers. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Nexia SAB&T

Nexia SAB&T
Director – A Darmalingam
Registered Auditor
Chartered Accountant (SA)
31/05/2013

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on page 19.

The annual financial statements set out on pages 26 to 68, which have been prepared on the going concern basis, were approved by the Board of directors on 31 May 2013 and were signed on its behalf by:

Ms E Colyn
(Chief Executive Officer)

Ms M Malan
(Financial Director)

Certification by Company Secretary

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the Company has, in respect of the financial year reported upon, lodged with the Companies and Intellectual Property Commission all returns required of a public Company in terms of the Act and that all such returns are true, correct and up to date.

Elize Greeff
iThemba Governance and Statutory Solutions (Pty) Ltd

26 April 2013

Audit Committee Report

BACKGROUND

The Committee presents its report for the financial year ended 28 February 2013 as recommended by King III report on Corporate Governance and in line with South African Companies Act, 71 of 2008.

OBJECTIVE AND SCOPE

The overall objectives of the committee are as follows:

- To review the principles, policies and practices adopted in the preparation of the accounts of Companies in the group and to ensure that the annual financial statements of the group and any other formal announcements relating to the financial performance comply with all statutory, regulatory and Imbalie Beauty Limited requirements as may be required.
- To ensure that the consolidated financial statements of the group comply with all statutory, regulatory and Imbalie Beauty Limited requirements and similarly, that the financial information contained in any consolidated submissions by Imbalie Beauty Limited are suitable for inclusion in its consolidated financial statements.
- To assess annually the appointment of the external auditors and their independence, recommend their re-appointment and approve their fees.
- To review the work of the group's external auditors to ensure the adequacy and effectiveness of the group's financial controls.
- To review the management of risk and the monitoring of compliance effectiveness within the group.
- To perform duties that are attributed to it by the Act, the JSE and in future King III.

The committee performed the following activities:

- Received and reviewed reports from external auditors concerning the effectiveness of the internal control environment, systems and processes.
- Reviewed the reports of external auditors detailing their concerns arising out of their audits and requested appropriate responses from management resulting in their concerns being addressed.
- Made appropriate recommendations to the Board of directors regarding the corrective actions to be taken as a consequence of audit findings.
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services and non-audit services provided was not such that they could be seen to have impaired their independence.

Reviewed and recommended for adoption by the Board such financial information that is publicly disclosed which for the year included:

- The audited results for the year ended 28 February 2013.
- The interim results for the six months ended 31 August 2012.
- Appointment of the financial director.

The Audit Committee is of the opinion that the objectives of the Committee were met during the year under review.

Where weaknesses in specific controls had been identified, management undertook to implement appropriate corrective actions to mitigate the weakness identified.

MEMBERSHIP

During the course of the year, the membership of the committee comprised solely Independent Non-Executive Directors. They are Mitesh Patel (Chairman), GSJ van Nieuwenhuizen and TJ Schoeman.

EXTERNAL AUDIT

The Committee has satisfied itself through enquiry that the auditors of Imbalie Beauty Limited is independent as defined by the Act. The Committee, in consultation with executive management, agreed to an audit fee for the 2013 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time.

There is a formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and each engagement letter for such work is reviewed in accordance with set policy and procedure.

Meetings were held with the auditor where management was not present, and no matters of concern were raised.

The Committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, SAB&T as the external auditor for the 2014 financial year.

ANNUAL FINANCIAL STATEMENTS

The Audit Committee has evaluated the consolidated annual financial statements for the year ended 28 February 2013 and considers that it complies, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The Committee has therefore recommended the annual financial statements for approval to the Board. The Board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

COMPANIES ACT

The Audit Committee together with the Board and management have taken appropriate steps to ensure that the company has processes in place to comply fully with Companies Act 71 of 2008 before financial year ended 28 February 2013.

Mitesh Patel
Audit Committee Chairman

26 July 2013

Directors' Report

The directors submit their report for the year ended 28 February 2013.

1. **Review of activities**
   Main business and operations
   The Group is a franchisor, retailer and service provider of skincare, nail care and other beauty products. The Group operates principally in South Africa.

   The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

   Imbalie Beauty Limited acquired A & V Beauty Products CC , trading as Perfect 10, a Beauty Franchise Group of 55 beauty studios nationally, for a purchase consideration of R14.35 million, effective from 1 March 2012. Imbalie Beauty Limited completed a general issue of shares for cash for R17 500 000 to partly fund the transaction and to settle other long term debt.

2. **Going concern**
   The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. **Events after the reporting period**
   The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

4. **Directors' interest in company shares**
   The following directors of the company held direct and indirect interest in the issued share capital of the company at 28 February 2013 as set out below:

Name	Direct	Indirect	Percentage Holding
HA Lunderstedt (Non-Executive Director)	-	78 125 000	22.6%
WP van der Merwe (Non-Executive Director)	-	66 965 675	19.4%
E Colyn (Executive Director)	35 171 549	-	10.1%
M Malan (Executive Director)	83 334	-	-
TJ Schoeman (Non-Executive Director)	-	73 500	-
	35 254 883	**145 164 175**	**52.1%**

5. **Authorised and issued share capital**
   Imbalie Beauty Limited completed a general issue of shares for cash for R17 500 000 to partly fund the Perfect 10 transaction and to settle other long term debt. 109 375 000 ordinary shares were issued at 16 cents per share at an average discount of 6% to the weighted average share price. There were no changes in the authorised share capital of the company during the year under review.

6. **Borrowing limitations**
   In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

7. **Non-current assets**
   There was an increase in intangible assets as a result of the Perfect 10 acquisition, details are set out in note 5 and 28 to the annual financial statements.

8. **Dividends**
   No dividends were declared or paid to shareholders during the year.

9. **Directors**
   The directors of the company during the year and to the date of this report are as follows:

   Ms HA Lunderstedt (Non-Executive Chairman)
   Mr TJ Schoeman (Lead Independent Non-Executive Director)
   Mr MM Patel (Independent Non-Executive Director)

9. Directors (continued)
Mr GSJ van Nieuwenhuizen (Independent Non-executive Director)
Mr WP van der Merwe (Non-executive Director)
Ms E Colyn (Chief Executive Officer)
Ms M Malan (Financial Director)

10. Secretary
The secretary of the company is iThemba Governance and Statutory Solutions (Pty) Ltd.

Business address	Monument Office Park Block 5 Suite 5 - 102 79 Steenbok Avenue Monument Park 0105	
Postal address	PO Box 4896 Rietvalleirand 0174	PO Box 25160 Monument Park 0105

11. Interest in subsidiaries

Name of subsidiary	Interest % 2013	Interest % 2012	Net income/loss after tax R
Direct			
Placecol Fresh Beauty (Pty) Ltd	100%	100%	(2 242 264)
Placecol Skin Care Clinic (Pty) Ltd	100%	100%	30 014
Dream Nails Beauty (Pty) Ltd	100%	100%	1 230 637
Enjoy Beauty (Pty) Ltd	100%		1 950 993
Imbalie Innovvation (Pty) Ltd (formally known as Salonquip (Pty) Ltd)	100%		(13 592)
Imbalie Beauty Training Academy (Pty) Ltd	100%		16 181
Indirect			
Enjoy Beauty (Pty) Ltd		100%	1 950 993
Imbalie Training Academy (Pty) Ltd		100%	16 181

Details of the company's investment in subsidiaries are set out in note 6.

12. Special resolutions
Special resolutions passed for Imbalie Beauty Limited and its subsidiaries:
- Imbalie Beauty Limited special resolution passed on 03 May 2012 for the change of name.
- Imbalie Beauty Limited special resolution passed on 12 September 2012 for the adoption of the updated and changed Memorandum of Incorporation.
- Placecol Fresh Beauty (Pty) Ltd special resolution passed on 05 March 2012 for the change of name.
- Imbalie Innovvation (Pty) Ltd special resolution passed on 23 July 2012 for the name change.

13. Auditors
Nexia SAB&T Registered auditors will continue in office in accordance with section 90 of the Companies Act .

14. Financial Statements
The consolidated annual results and financial position are set out on pages 26 to 68.

The audited statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and the SAICA Financial Reporting guides as issue by the Accounting Practises Committee and Financial Pronouncements as issued by the Financial Reporting Council. The Listings Requirements of the JSE Limited (JSE) and the Companies Act, remain consistent with those applied in the prior year.

Statement of Financial Position

as at 28 February 2013

Figures in Rand

	Note(s)	Group 2013	Group 2012	Company 2013	Company 2012
Assets					
Non-Current Assets					
Property, plant and equipment	3	**4 380 142**	4 857 597	**-**	3 321
Goodwill	4	**6 808 807**	6 808 807	**-**	-
Intangible assets	5	**15 610 592**	534 051	**85 237**	-
Investments in subsidiaries	6	**-**	-	**16 570 376**	14 852 665
Loans to group companies	7	**-**	-	**-**	22 304 405
Other financial assets	9	**770 052**	780 402	**-**	-
Deferred tax	11	**10 135 860**	11 150 652	**2 323 735**	2 754 771
		37 705 453	24 131 509	**18 979 348**	39 915 162
Current Assets					
Inventories	12	**15 561 816**	12 659 139	**-**	-
Loans to group companies	7	**-**	-	**35 122 461**	-
Other financial assets	9	**2 117 793**	2 199 557	**227 298**	227 298
Current tax receivable		**86 276**	86 276	**-**	-
Trade and other receivables	13	**9 959 625**	8 611 890	**-**	-
Cash and cash equivalents	14	**335 220**	153 013	**1 000**	39 721
		28 060 730	23 709 875	**35 350 759**	267 019
Total Assets		**65 766 183**	47 841 384	**54 330 107**	40 182 181
Equity and Liabilities					
Equity					
Share capital	15	**67 330 461**	49 830 461	**67 330 461**	49 830 461
Reserves	16	**162 665**	-	**-**	-
Accumulated loss		**(25 830 559)**	(27 815 618)	**(13 000 354)**	(14 090 678)
		41 662 567	22 014 843	**54 330 107**	35 739 783
Liabilities					
Non-Current Liabilities					
Other financial liabilities	17	**8 395 943**	3 774 539	**-**	-
Deferred tax	11	**65 012**	10 787	**-**	-
		8 460 955	3 785 326	**-**	-
Current Liabilities					
Loans from shareholders	8	**-**	5 218 398	**-**	4 198 398
Other financial liabilities	17	**3 269 212**	5 813 123	**-**	244 000
Current tax payable		**9 097**	375 073	**-**	-
Operating lease liability	31	**222 141**	217 859	**-**	-
Trade and other payables	18	**8 217 208**	5 724 247	**-**	-
Bank overdraft	14	**3 925 003**	4 692 515	**-**	-
		15 642 661	22 041 215	**-**	4 442 398
Total Liabilities		**24 103 616**	25 826 541	**-**	4 442 398
Total Equity and Liabilities		**65 766 183**	47 841 384	**54 330 107**	40 182 181

Statement of Comprehensive Income

for the year ended 28 February 2013

Figures in Rand

		Group		Company	
	Note(s)	**2013**	2012	**2013**	2012
Revenue	20	**71 486 512**	61 888 142	**2 421 270**	4 007 211
Cost of sales	21	**(27 652 691)**	(19 469 293)	**-**	-
Gross profit		**43 833 821**	42 418 849	**2 421 270**	4 007 211
Other income		**1 363 184**	705 326	**-**	-
Operating expenses		**(41 170 097)**	(39 218 646)	**(927 250)**	(2 647 923)
Operating profit	22	**4 026 908**	3 905 529	**1 494 020**	1 359 288
Investment revenue	23	**69 845**	403 423	**27 340**	19 748
Finance costs	24	**(1 080 012)**	(1 214 269)	**-**	(73 036)
Profit before taxation		**3 016 741**	3 094 683	**1 521 360**	1 306 000
Taxation	25	**(1 031 682)**	(559 084)	**(431 036)**	(365 680)
Profit for the year		**1 985 059**	2 535 599	**1 090 324**	940 320
Other comprehensive income:					
Revaluation surplus net of taxation		**162 665**	-	**-**	-
Total comprehensive income for the year		**2 147 724**	2 535 599	**1 090 324**	940 320
Earnings per share					
Basic earnings per share (cents)	27	**0.57**	1.07	**-**	-
Diluted earnings per share (cents)	27	**0.57**	1.07	**-**	-

Statement of Changes in Equity

for the year ended 28 February 2013

Figures in Rand

	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	Total equity
Group						
Balance at 01 March 2011	23 617	49 806 844	49 830 461	-	(30 351 217)	**19 479 244**
Profit for the year	-	-	-	-	2 535 599	**2 535 599**
Other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	2 535 599	**2 535 599**
Balance at 01 March 2012	23 617	49 806 844	49 830 461	-	(27 815 618)	**22 014 843**
Profit for the year	-	-	-	-	1 985 059	**1 985 059**
Other comprehensive income:						
Fair value adjustment	-	-	-	162 665	-	**162 665**
Total comprehensive income for the year	-	-	-	162 665	1 985 059	**2 147 724**
Issue of shares	17 500 000	-	17 500 000	-	-	**-**
Total issue of shares	17 500 000	-	17 500 000	-	-	**17 500 000**
Balance at 28 February 2013	17 523 617	49 806 844	67 330 461	162 665	(25 830 559)	**41 662 567**
Note(s)	15	15	15			
Company						
Balance at 01 March 2011	23 617	49 806 844	49 830 461	-	(15 030 998)	**34 799 463**
Profit for the year	-	-	-	-	940 320	**940 320**
Other comprehensive income	-	-	-	-	-	**-**
Total comprehensive income for the year	-	-	-	-	940 320	**940 320**
Balance at 01 March 2012	23 617	49 806 844	49 830 461	-	(14 090 678)	**35 739 783**
Profit for the year	-	-	-	-	1 090 324	**1 090 324**
Total comprehensive income for the year	-	-	-	-	1 090 324	**1 090 324**
Issue of shares	17 500 000	-	17 500 000	-	-	**17 500 000**
Total issue of shares	17 500 000	-	17 500 000	-	-	**17 500 000**
Balance at 28 February 2013	17 523 617	49 806 844	67 330 461	-	(13 000 354)	**54 330 107**
Note(s)	15	15	15			

Statement of Cash Flows

for the year ended 28 February 2013

Figures in Rand

	Note(s)	Group 2013	Group 2012	Company 2013	Company 2012
Cash flows from operating activities					
Cash (utilised in)/from operations	28	**3 217 688**	(2 691 371)	**1 506 368**	1 011 726
Interest income		**69 845**	403 420	**27 340**	19 748
Finance costs		**(1 040 616)**	(1 214 269)	**-**	(73 036)
Tax paid	29	**(365 973)**	(262 434)	**-**	(3 095)
Net cash from/(used in) operating activities		**1 880 944**	(3 764 654)	**1 533 708**	955 343
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(231 215)**	(254 492)	**-**	-
Proceeds from disposal of property, plant and equipment	3	**163 432**	89 400	**-**	-
Purchase of intangible assets		**(925 254)**	(113 961)	**(1 811 975)**	-
Loans to group companies repaid		**-**	-	**(12 818 056)**	-
Proceeds from loans to group companies		**-**	-	**-**	544 927
Increase in financial assets		**-**	-	**-**	(19 555)
Proceeds from financial assets		**92 114**	2 663 302	**-**	-
Net cash (used in)/from investing activities		**(900 923)**	2 384 249	**(14 630 031)**	525 372
Cash flows from financing activities					
Proceeds from share issue	15	**3 150 000**	-	**17 500 000**	-
Proceeds from other financial liabilities		**2 077 492**	-	**-**	-
Repayment of other financial liabilities		**-**	(837 775)	**(244 000)**	(600 000)
Proceeds from shareholders loan		**-**	2 002 888	**-**	982 888
Repayment of shareholders loan		**(5 218 398)**	-	**(4 198 398)**	-
Repayment of finance lease obligations		**(39 396)**	(114 188)	**-**	-
Net cash (in)/from financing activities		**(30 302)**	1 050 925	**13 057 602**	382 888
Total cash movement for the year		**949 719**	(329 480)	**(38 721)**	1 863 603
Cash at the beginning of the year		**(4 539 502)**	(4 210 022)	**39 721**	(1 823 882)
Total cash at end of the year	**14**	**(3 589 783)**	(4 539 502)	**1 000**	39 721

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Companies Act and the Listing Requirements of the JSE Limited. The annual financial statements have been prepared on the historical cost basis except for the measurement of financial instruments which is measured at fair value, cash flow information which is measured on a cash basis and land and buildings which is measured at fair value and incorporate the principal accounting policies set out below.

Except for the adoption of the new and revised accounting standards, the principal accounting policies of the group are consistent with those applied in the audited consolidated financial statements for the year ended 29 February 2012.

They are presented in South African Rands.

Standards and Interpretations effective in 2014:

A full list of standards that will become effective in the next financial year are disclosed in Note 2.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business Combinations

Imbalie Beauty Limited and its subsidiaries determines whether a transaction or other event is a business combination by applying the definition in accordance with IFRS 3 which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity accounts for the transaction or other event as an asset acquisition.

The group accounts for each business combination by applying the acquisition method. Applying the acquisition method requires:

(a) identifying the acquirer;

(b) determining the acquisition date;

(c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and

1.1 Consolidation (continued)

(d) recognising and measuring goodwill or a gain from a bargain purchase.

The company (acquirer) measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

IFRS 3 reconsiders the application of acquisition accounting for business combinations. Major changes relate to the measurement of non-controlling interests, the accounting for business combinations achieved in stages, as well as the treatment of contingent consideration and acquisition-related costs. Based on the new regulation, non-controlling interests may be measured at their fair value (full-goodwill-method) or at the proportional fair value of assets acquired and liabilities assumed. In business combinations achieved in stages, any previously held equity interest in the acquiree is revalued to its acquisition date fair value. Any changes to contingent consideration classified as a liability at the acquisition date are recognised in profit and loss. Acquisition-related costs are expensed in the period incurred.

The requirements in IAS 37 do not apply in determining which contingent liabilities to recognise as of the acquisition date. Instead, the company (acquirer) recognises as of the acquisition date a contingent liability assumed in a business combination if it is a present obligation that arises from past events and its fair value can be measured reliably. Therefore, contrary to IAS 37, the acquirer recognises a contingent liability assumed in a business combination at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

For each business combination, the acquirer measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

(a) fair value;

(b) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRS.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously in other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

1.1 Consolidation (continued)

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Upon disposal, the attributable carrying value of goodwill is included in the calculation of the profit or loss on disposal.

Subsidiaries

Subsidiaries are entities controlled by the group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. Investments in subsidiaries are carried at cost less impairment adjustments in the company's separate financial statements.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual annual financial statements and related disclosures. Managment used the most relevant information that is available and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Significant judgements include:

Trade receivables

The group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a asset by asset basis, based on historical loss ratios and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value is made. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at 17% that is available to the group for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value- in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

1.2 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Goodwill

Goodwill is initially measured at cost, being the excess of the purchase consideration over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Subsequently, goodwill is carried at at cost less any accumulated impairment. Goodwill is tested annually for impairment. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Property, plant and equipment and intangible assets

Management has applied its judgement in assessing the useful life and the residual value of property, plant and equipment and intangible assets as presented in the accounting policies. The residual values, useful lives and depreciation methods applied to assets are reviewed at each financial year-end based on relevant market information and management consideration.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Revaluations are made with sufficient regularity with regard to land and buildings such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

1.3 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Land is not depreciated and revalued annually.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Not depreciated
Buildings	60 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 years
IT equipment	3 years
Leasehold improvements	Period of lease
Laser equipment	5 years
Promotional equiptment	4 years
Project facelift moving assets	6 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.

1.4 Intangible assets (continued)

- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values, which is assessed annually, as follows:

Item	Useful life
Trademark and website costs	10 years
Perfect 10 trademark and franchise agreements	Not amortised
Computer software	3 years

1.5 Investments in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.6 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Initial regoction and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

1.6 Financial instruments (continued)

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when its contractual obligations are discharged or cancelled or expire.

Fair value determination

If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to/(from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables measured at amortised cost.

Loans from group companies are classified as financial liabilities measured at amortised cost.

1.6 Financial instruments (continued)

Loans to shareholders

These loans are classified as loans and receivables and are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Other financial liabilities

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or

1.7 Tax (continued)

- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The directors assessed that the assessed tax losses will be recovered based on profitability forecasts.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

1.8 Leases (continued)

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease, to the extent of any revaluation asset surplus recognised on the asset.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

1.10 Impairment of assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Future expenditure is discounted at the pre-tax discount rate reflecting the market assessment of the time value of money adjusted for risks associated with the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised at the lower of costs to fulfil the contract and measured as a provision.

1.13 Provisions and contingencies (continued)

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

1.14 Earnings per share and headline earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue for any dilutive effects.

The calculation of headline earnings per share is based on the net profit attributable to equity holders, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the year.

The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Limited.

An reconciliation of the adjustments to net profit attributable to equity holders of the parent is provided in note 25.

1.15 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

1.18 Translation of foreign currencies (continued)

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.19 Statement of cash flows

The statement of cash flows is prepared on the indirect method.

1.20 Segmental reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criterias. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker.

Therefore the group determines and presents its operating segments based on the information that is internally provided to the Chief Executive Officer, who is the chief operating decision maker.

Furthermore a segment is a distinguishable component of the group that is engaged either in providing related products or services (business segment), in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of the other segments.

The group does not have different operating segments. The business is conducted in South Africa and is managed at a central head office with no branches. The group is managed as one operating unit.

All revenues from external customers originate in South Africa.

The Standard on Segment reporting will not be implemented as Imbalie Beauty Limited has only one segment.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 7 Amendments to IFRS 7 Disclosures – Transfers of financial assets

Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

The effective date of the amendment is for years beginning on or after 1 July 2011 respectively.

The group adopted certain of the amendments for the first time in the 2013 annual financial statements.

The impact of the standard is not material.

IAS 12 Income Taxes: Amendment: Deferred Tax: Recovery of Underlying Assets

The amendment now provides that for investment property measured at fair value, the recovery of the carrying amount is assumed to be through sale, with the result that deferred tax arising on the valuation is measured using the prevailing tax rate for capital gains.

The effective date of the amendment is for years beginning on or after 01 January 2012.

The group adopted the standard for the first time in the 2013 annual financial statements.

The impact of the standard is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2013 or later periods:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.

2.2 Standards and interpretations not yet effective (continued)

- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 01 January 2015.

The group expects to adopt the standard for the first time in the 2016 annual financial statements.

It is unlikely that the standard will have a material impact on the group's annual financial statements.

IFRS 7 Amendments to IFRS 7 (AC 144) Disclosures – Transfers of financial assets

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.

The effective date of the amendment is for years beginning on or after 1 January 2013.

The group expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IFRS 10 Consolidated Financial Statements

Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The effective date of the standard is for years beginning on or after 01 January 2013.

The group expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IAS 27 Separate Financial Statements

Consequential amendment as a result of IFRS 10. The amended Standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IFRS 11 Joint Arrangements

The standard replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non Monetary Contributions by Venturers. The standard defines a Joint arrangement as existing only when decisions about relevant activities requires the unanimous consent of the parties sharing joint control in terms of a contractual arrangement. The standard identifies two types of joint arrangements as:

- Joint operations which exist when the entities sharing joint control have direct rights to the assets and obligations for the liabilities of the joint arrangements. In such cases the joint operators recognise their share of the assets and liabilities and profits and losses of the joint arrangements in their financial statements.
- Joint operations which exist when the entities sharing joint control have direct rights to the assets and obligations for the liabilities of the joint arrangements. In such cases the joint operators recognise their share of the assets and liabilities and profits and losses of the joint arrangements in their financial statements.

2.2 Standards and interpretations not yet effective (continued)

The effective date of the standard is for years beginning on or after 01 January 2013.

The group expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IFRS 12 Disclosure of Interests in Other Entities

The standard sets out disclosure requirements for investments in subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 01 January 2013.

The group expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IFRS 13 Fair Value Measurement

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.

The effective date of the standard is for years beginning on or after 01 January 2013.

The group expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IAS 1 Presentation of Financial Statements

The amendment now requires items of other comprehensive income to be presented as:

- Those which will be reclassified to profit or loss
- Those which will not be reclassified to profit or loss.

The related tax disclosures are also required to follow the presentation allocation.

In addition, the amendment changed the name of the statement of comprehensive income to the statement of profit or loss and other comprehensive income.

The effective date of the amendment is for years beginning on or after 01 July 2012.

The group expects to adopt the amendment for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IFRS 7 - Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendment requires additional disclosures for financial assets and liabilities which are offset and for financial instruments subject to master netting arrangements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IAS 1 – Annual Improvements for 2009 – 2011 cycle

Clarification is provided on the requirements for comparative information. Specifically, if a retrospective restatement is made, a retrospective change in accounting policy or a reclassification, the statement of financial position at the beginning of the previous period is only required if the impact on the beginning of the previous period is material. Related notes are not required, other than disclosure of specified information.

2.2 Standards and interpretations not yet effective (continued)

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IAS 16 – Annual Improvements for 2009 – 2011 cycle

Spare parts, stand by equipment and servicing equipment should only be classified as property, plant and equipment if they meet the definition.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IAS 32 – Annual Improvements for 2009 – 2011 cycle

Tax effects of distributions made to holders of equity instruments. Income tax relating to distributions made to holders of equity instruments and tax effects of transaction costs of equity transactions must be accounted for in accordance with IAS 12 Income Taxes.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IAS 34 – Annual Improvements for 2009 – 2011 cycle

Clarification on reporting of segment assets and segment liabilities in interim financial reports. Such reporting is only required when it is regularly reported to the chief operating decision maker, and when there has been a material change from the previous annual financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IAS 28 Investment in Associates and Joint Ventures

Consequential amendments resulting from the issue of IFRS 10, 11 and 12.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

IAS 32 Financial instruments: Presentation

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact on the financial statements would be on disclosures and at it is not foreseen that there would be any material impact on the group's annual financial statements.

Figures in Rand

3. Property, plant and equipment

	2013 Cost / Valuation	2013 Accumulated depreciation	2013 Carrying value	2012 Cost / Valuation	2012 Accumulated depreciation	2012 Carrying value
Group						
Land and buildings	**1 700 000**	**-**	**1 700 000**	1 500 000	-	1 500 000
Plant and machinery	**369**	**-**	**369**	369	-	369
Furniture and fixtures	**944 980**	**(569 560)**	**375 420**	858 402	(492 560)	365 842
Motor vehicles	**1 056 074**	**(602 673)**	**453 401**	1 309 851	(697 755)	612 096
Office equipment	**828 721**	**(526 097)**	**302 624**	824 125	(421 694)	402 431
IT equipment	**1 262 862**	**(930 290)**	**332 572**	1 352 098	(961 969)	390 129
Leasehold improvements	**71 599**	**(43 340)**	**28 259**	71 599	(38 157)	33 442
Laser equipment	**3 732 980**	**(2 574 865)**	**1 158 115**	3 783 190	(2 230 025)	1 553 165
Promotional equipment	**53 779**	**(24 397)**	**29 382**	23 104	(22 981)	123
Total	**9 651 364**	**(5 271 222)**	**4 380 142**	9 722 738	(4 865 141)	4 857 597
Company						
Office equipment	**6 129**	**(6 129)**	**-**	6 129	(2 809)	3 320
IT equipment	**5 499**	**(5 499)**	**-**	5 499	(5 498)	1
Total	**11 628**	**(11 628)**	**-**	11 628	(8 307)	3 321

Reconciliation of property, plant and equipment - Group - 2013

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land and buildings	**1 500 000**	**-**	**-**	**200 000**	**-**	**1 700 000**
Plant and machinery	**369**	**-**	**-**	**-**	**-**	**369**
Furniture and fixtures	**365 842**	**87 057**	**(479)**	**-**	**(77 000)**	**375 420**
Motor vehicles	**612 096**	**70 175**	**(120 482)**	**-**	**(108 388)**	**453 401**
Office equipment	**402 431**	**4 596**	**-**	**-**	**(104 403)**	**302 624**
IT equipment	**390 129**	**40 128**	**(27 192)**	**-**	**(70 493)**	**332 572**
Leasehold improvements	**33 442**	**-**	**-**	**-**	**(5 183)**	**28 259**
Laser equipment	**1 553 165**	**-**	**(15 279)**	**-**	**(379 771)**	**1 158 115**
Promotional equipment	**123**	**29 259**	**-**	**-**	**-**	**29 382**
	4 857 597	**231 215**	**(163 432)**	**200 000**	**(745 238)**	**4 380 142**

Reconciliation of property, plant and equipment - Group - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	1 500 000	-	-	-	1 500 000
Plant and machinery	-	-	-	369	369
Furniture and fixtures	409 619	22 239	-	(66 016)	365 842
Motor vehicles	772 602	108 462	(88 353)	(180 615)	612 096
Office equipment	506 160	2 898	-	(106 627)	402 431
IT equipment	402 831	85 757	(20 377)	(78 082)	390 129
Leasehold improvements	38 625	-	-	(5 183)	33 442
Laser equipment	1 876 197	35 136	-	(358 168)	1 553 165
Promotional equipment	123	-	-	-	123
	5 506 157	254 492	(108 730)	(794 322)	4 857 597

Figures in Rand

3. Property, plant and equipment (continued)

	Opening balance	Depreciation	Total
Reconciliation of property, plant and equipment			
Company 2013			
Office equipment	**3 320**	**(3 320)**	**-**
IT equipment	**1**	**(1)**	**-**
	3 321	**(3 321)**	**-**
Reconciliation of property, plant and equipment			
Company 2012			
Office equipment	**4 537**	**(1 217)**	**3 320**
IT equipment	**1 222**	**(1 221)**	**1**
	5 759	**(2 438)**	**3 321**

	Group		Company	
	2013	2012	**2013**	2012
Pledged as security				
Carrying value of assets pledged as security:				
Details of property:				
Sandolien Complex Unit no 49				
The Hoewes Ext 187, Centurion				
Land: cost	**180 000**	180 000	**-**	-
Building: cost	**420 000**	370 000	**-**	-
Revaluation - Land	**150 000**	50 000	**-**	-
Balance at year end	**750 000**	600 000	**-**	-
Carnegie Park Unit no 24				
Hennopspark Ext 9, Centurion				
Land: cost	**250 000**	250 000	**-**	-
Building: cost	**650 000**	650 000	**-**	-
Revaluation - Land	**50 000**	-	**-**	-
Balance at year end	**950 000**	900 000	**-**	-
The carrying value of the assets encumbered are as follow:				
Land and Buildings	**1 700 000**	1 500 000	**-**	-
Motor vehicles	**453 401**	612 096	**-**	-
IT equipment	**71 464**	-	**-**	-

The effective date of the revaluations was 28 February 2013. Revaluations were performed by an independent valuator, ABSA Bank Limited who is not connected to the group.

Figures in Rand

4. Goodwill

	2013 Cost	2013 Accumulated impairment	2013 Carrying value	2012 Cost	2012 Accumulated impairment	2012 Carrying value
Group						
Goodwill	**6 808 807**	**-**	**6 808 807**	6 808 807	-	6 808 807

	Opening balance	Total
Reconciliation of goodwill - Group 2013		
Goodwill	**6 808 807**	**6 808 807**
Reconciliation of goodwill - Group 2012		
Goodwill	6 808 807	6 808 807

Based on the assumptions detailed below, goodwill was tested for impairment.

Key assumptions used in value-in-use calculations include budgeted margins and budgeted franchise revenue streams relating to the specific brand below. The assumptions are based on all historical results for the brand as well as the individual branded salons adjusted for the anticipated future growth of 9% per annum which is the average growth factor per managements judgement over a period of 5 years and at a discounted rate of 17%.

These assumptions are a reflection of management's past experience in the market in which these units operate.

Based on the above assumptions, management's calculations of recoverable amounts were greater than the carrying amounts. Goodwill arose as a result of:

1. Acquisition of Placecol Fresh Beauty (Pty) Ltd	3 249 163
2. Acquisition of Dream Nails Beauty (Pty) Ltd	3 559 644
Total	6 808 807

5. Intangible assets

	2013 Cost	2013 Accumulated amortisation	2013 Carrying value	2012 Cost	2012 Accumulated amortisation	2012 Carrying value
Group						
Perfect 10 trademark and franchise agreements	**14 340 000**	**-**	**14 340 000**	-	-	-
Computer software	**192 529**	**(88 851)**	**103 678**	95 166	(35 255)	59 911
Trademark and website costs	**1 254 629**	**(87 715)**	**1 166 914**	620 554	(146 414)	474 140
Total	**15 787 158**	**(176 566)**	**15 610 592**	715 720	(181 669)	534 051
Company						
Trademark and website costs	**94 264**	**(9 027)**	**85 237**	**-**	**-**	**-**

Figures in Rand

5. Intangible assets (continued)

	Opening balance	Additions	Business combinations	Amortis-ation	Total
Reconciliation of intangible assets Group 2013					
Perfect 10 trademark and franchise agreements	**-**	**-**	**14 340 000**	**-**	**14 340 000**
Computer software	**59 911**	**100 998**	**-**	**(57 231)**	**103 678**
Trademark and website costs	**474 140**	**824 256**	**-**	**(131 480)**	**1 166 916**
	534 051	**925 254**	**14 340 000**	**(188 711)**	**15 610 594**

	Opening balance	Additions	Amortisation	Total
Reconciliation of intangible assets Group - 2012				
Computer software	8 485	81 971	(30 545)	59 911
Trademark and website costs	473 044	31 990	(30 894)	474 140
	481 529	113 961	(61 439)	534 051

	Opening balance	Additions	Total
Reconciliation of intangible assets Company - 2013			
Trademark	**-**	**85 237**	**85 237**

Other information
Recoverability of the intangible assets:

The recoverable amounts of the intangible assets were assessed for impairment at 28 February 2013 by calculating the fair value of the cash generating units to which the goodwill and other intangible assets relate. The valuations of the cash generating units reflected fair values in excess of the attributable tangible assets, intangible assets and related goodwill.

Cash flows were projected on actual operating results. Cash flows were extrapolated into perpetuity using a related and applicable terminal growth rate per intangible. Management believes that this was justified due to the nature of the business industries the group and its subsidiaries operate in. Tax rate and discounted rates utilised in the calculation varied as per the applicable calculation.

A valuation was done with regard to the Perfect 10 trademark and franchise agreements at year end using the discounted cash flow method over a period of 5 years. Revenue growth was calculated at 9% and expenses at a growth of 6% and a discounted rate of 17%.

6. Investments in subsidiaries

	% holding 2013	% holding 2012	**Carrying amount 2013**	Carrying amount 2012
Name of company				
Placecol Fresh Beauty (Pty) Ltd	**100.00**	100.00	**-**	-
Dream Nails Beauty (Pty) Ltd	**100.00**	100.00	**11 163 951**	9 446 240
Placecol Skin Care Clinic (Pty) Ltd	**100.00**	100.00	**5 406 425**	5 406 425
Enjoy Beauty (Pty) Ltd	**100.00**	-	**-**	-
Imbalie Innovvation (Pty) Ltd	**100.00**	-	**-**	-
Imbalie Beauty Training Academy (Pty) Ltd	**100.00**	-	**-**	-
			16 570 376	14 852 665

Figures in Rand

6. Investments in subsidiaries (continued)

Enjoy Beauty (Pty) Ltd, Imbalie Innovvation (Pty) Ltd and Imbalie Beauty Training Academy (Pty) Ltd were held by the subsidiary Placecol Fresh Beauty (Pty) Ltd in prior periods, but have now been transferred to the holding company due to a group restructuring.

The carrying amounts of subsidiaries are shown net of impairment losses. There was no impairment of subsidiaries.

It is management's policy to review each investment annually for impairment by assessing the carrying value of the investment against the value in use.

7. Loans to (from) group companies

	% holding 2013	% holding 2012	**Carrying amount 2013**	Carrying amount 2012
Subsidiaries				
Placecol Fresh Beauty (Pty) Ltd	**-**	-	**35 122 461**	22 304 405

The loans are unsecured, bears no interest and has no fixed repayment terms.

Credit quality of loans to group companies

The credit quality of loans to group companies are assessed with reference to the repayment history of the companies. The companies have not defaulted on any contractual obligations in prior periods, a credit rating of high has been ascribed to the companies. The cash is receivable only at managements request as the company is a 100% controlled subsidiary and thus the risk that the subsidiary would not repay the funds at the insistence of management is remote. The companies' maximum exposure to credit risk with regards to the loans to group companies are as detailed above.

Fair value of loans to and from group companies

As no repayment terms exist, therefore the group loans are short term in nature. The carrying values of the loans to group companies approximate their fair values. The loans to the group companies have not been pledged as security for any other financial obligations.

Loans to group companies past due but not impaired

Loans to group companies have no fixed terms of repayment and are therefore not past due. The maximum exposure to credit risk at the reporting date is the fair value of each class of disclosed above.

The loans to group companies are considered to be neither past due nor impaired and subsequently no provisions was created for the irrecoverability of any portion (or the whole) of the loans to group companies. The terms of the loans to group companies have not been renegotiated during the year.

Loans to group companies impaired

As of 28 February 2013, no loans to group companies were impaired.

8. Loans to (from) shareholders

	Group		**Company**	
	2013	2012	**2013**	2012
WP van der Merwe	**-**	(2 710 396)	**-**	(1 690 396)
E Colyn	**-**	(2 508 002)	**-**	(2 508 002)
	-	(5 218 398)	**-**	(4 198 398)

The loans are unsecured, bear interest at the prime lending rate and have no fixed terms of repayment.

Figures in Rand

8. Loans to (from) shareholders (continued)

Fair value of loans to and from shareholders

The shareholder loans were short term in nature. Therefore there is no difference between the fair value of the shareholders' loans and their carrying values.

9. Other financial assets

	Group		Company	
	2013	2012	**2013**	2012
Loans and receivables				
Student loans	**699 004**	1 034 486	**-**	-
The student loans bear no interest and are repayable within 3 years after completion of the studies. All student loans will be due during the next twelve month, therefore disclosed as current financial assets.				
Deed of sale debtor	**-**	118 953	**-**	-
These unsecured loans bear interest at prime plus 2% and no fixed terms of repayment have been agreed upon.				
Loans made in respect of outlets franchised				
The loans are secured by Placecol Skin Care Clinic's sold. Interest is charged at prime, commencing 91 days after signature date.	**1 418 789**	1 101 393	**227 298**	227 298
Dream Nails Beauty Stoneridge and Perfect 10 Norwood	**770 052**	725 126	**-**	-
The loans bear interest at a fixed amount of R2 444 per month and at prime (2012: R2 444).	**-**	-	**-**	-
	2 887 845	2 979 959	**227 298**	227 298
Non-current assets				
Loans and receivables	**770 052**	780 402	**-**	-
Current assets				
Loans and receivables	**2 117 793**	2 199 557	**227 298**	227 298
	2 887 845	2 979 959	**227 298**	227 298

Fair value information

There are no differences between the fair value of the current loans and their carrying amounts.

Loans and receivables past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2013, no loans were past due and impaired.

Reconciliation of provision for impairment of loans and receivables

There are no provisions made (allowance accounts) for the impairment of the loans and receivables, therefore there are no movements for allowance.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security.

Figures in Rand

9. Other financial assets (continued)

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates, and therefore is assessed as medium. The medium risk is attributable to the risk that some of the loans might not be recoverable over the long term due to the tough economic environment and due to students who are low income employees that pay off their loans over a longer period. The risks are however addressed on a regular basis and if necessary provisions for bad debt will be created.

	Group		Company	
	2013	2012	**2013**	2012
Instalment sales debtors (Dream Nails Beauty Stoneridge and Perfect 10 Norwood)				
Payments due within one year	**326 773**	206 105	**-**	-
Payments in second to fifth year Inclusive	**490 179**	662 952	**-**	-
Less: Future finance income	**(46 900)**	(143 930)	**-**	-
	770 052	725 127	**-**	-

10. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables	Total
Group 2013		
Other financial assets	**2 887 845**	**2 887 845**
Trade and other receivables	**9 959 625**	**9 959 625**
Cash and cash equivalents	**335 220**	**335 220**
	13 182 690	**13 182 690**
Group 2012		
Other financial assets	2 979 959	2 979 959
Trade and other receivables	8 611 890	8 611 890
Cash and cash equivalents	153 013	153 013
	11 744 862	11 744 862
Company 2013		
Loans to group companies	**35 122 461**	**35 122 461**
Other financial assets	**227 298**	**227 298**
Cash and cash equivalents	**1 000**	**1 000**
	35 350 759	**35 350 759**
Company 2012		
Loans to group companies	22 304 405	22 304 405
Other financial assets	227 298	227 298
Cash and cash equivalents	39 721	39 721
	22 571 424	22 571 424

Figures in Rand

11. Deferred tax

	Group 2013	Group 2012	Company 2013	Company 2012
Deferred tax asset				
Capital gains	**(27 677)**	-	**-**	-
Tax losses available for set off against future taxable income	**9 985 484**	11 023 619	**2 323 735**	2 754 771
Provision for doubtful debt	**62 495**	(10 787)	**-**	-
Leave pay provision	**86 682**	66 032	**-**	-
Lease accrual	**1 199**	61 001	**-**	-
Revaluation of property plant and equipment	**(37 335)**	-	**-**	-
	10 070 848	11 139 865	**2 323 735**	2 754 771
Reconciliation of deferred tax asset (liability)				
At beginning of the year	**11 139 865**	11 856 863	**2 754 771**	2 754 771
Decrease in tax losses available for set off against future taxable income	**(1 277 514)**	(833 244)	**(431 036)**	-
Other originating temporary differences	**-**	116 246	**-**	-
Other reversing temporary differences	**208 497**	-	**-**	-
	10 070 848	11 139 865	**2 323 735**	2 754 771
Recognition of deferred tax asset				
The directors assessed that the deferred tax assets will be recovered based on profitability forecasts.				
Deferred tax assets/liabilities				
Non-current assets	**10 135 860**	11 150 652	**2 323 735**	2 754 771
Non-current liabilities	**(65 012)**	(10 787)	**-**	-
	10 070 848	11 139 865	**2 323 735**	2 754 771

12. Inventories

	Group 2013	Group 2012	Company 2013	Company 2012
Stock on hand	**8 070 854**	7 818 656	**-**	-
Stores held for sale	**7 490 962**	4 840 483	**-**	-
	15 561 816	12 659 139	**-**	-

13. Trade and other receivables

	Group 2013	Group 2012	Company 2013	Company 2012
Trade receivables	**9 591 909**	7 973 936	**-**	-
Deposits	**367 716**	637 954	**-**	-
	9 959 625	8 611 890	**-**	-

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information. None of the financial assets that are fully performing have been renegotiated in the last year, therefore the credit rating of the trade and other receivables are assessed as medium. Trade receivables are non-interest bearing.

Figures in Rand

13. Trade and other receivables (continued)

Fair value of trade and other receivables

The fair value of trade and other receivables approximates its carrying value due to its short-term nature.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2013, R6,622,696 (2012: R3,896,671) were past due but not impaired.

	Group		Company	
	2013	2012	**2013**	2012
The ageing of amounts past due but not impaired is as follows:				
30-60 days	**2 458 482**	1 445 453	**-**	-
60-90 days	**633 385**	537 045	**-**	-
90-120 days	**1 164 287**	221 684	**-**	-
120+ days	**2 366 542**	1 682 489	**-**	-
Total	**6 622 696**	3 896 671	**-**	-
Trade and other receivables provided for As of 28 February 2013, trade and other receivables of R 197,814 (2012: R 51,369) were provided for. Movement in the provision for impairment of receivables were as follows:				
Opening balance	**51 369**	2 063 552	**-**	-
Provision for the year	**197 814**	51 369	**-**	-
Utilised during the year	**(51 369)**	(2 063 552)	**-**	-
Closing balance	**197 814**	51 369	**-**	-
The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.				
14. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	**96 830**	112 242	**-**	-
Bank balances	**238 390**	40 771	**1 000**	39 721
Bank overdraft	**(3 925 003)**	(4 692 515)	**-**	-
	(3 589 783)	(4 539 502)	**1 000**	39 721
Current assets	**335 220**	153 013	**1 000**	39 721
Current liabilities	**(3 925 003)**	(4 692 515)	**-**	-
	(3 589 783)	(4 539 502)	**1 000**	39 721

Placecol Skin Care Clinic (Pty) Ltd has an approved facility for guarantees to the value of R785 000 as reviewed and updated on 30 November 2011.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about couterparty default rates. None of the financial institutions with which bank balances are held defaulted in prior periods and as a result a credit rating of high are ascribed to the financial institutions. The group's maximum exposure to credit risk as a result of the bank balances held is limited to the carrying value of these balances as detailed above.

Figures in Rand

15. Share capital

	Group 2013	Group 2012	Company 2013	Company 2012
Authorised				
500 000 000 Ordinary shares of 0.01 cent each	**50 000**	50 000	**-**	-
Reconciliation of number of shares issued:				
Reported as at 01 March 2012	**236 172 773**	236 172 773	**-**	-
Issue of shares – ordinary shares	**109 375 000**	-	**-**	-
	345 547 773	236 172 773	**-**	-

109 375 000 ordinary shares were issued at 16 cents per share at an average discount of 6% to the weighted average share price to the total value of R17 500 000. Cash generated from the acquisition R17 500 000 raised minus the purchase price R14 350 000 equals R3 150 000.

There were no changes in the authorised share capital of the company during the year under review.

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	Group 2013	Group 2012	Company 2013	Company 2012
Issued				
Ordinary	**17 523 617**	23 617	**17 523 617**	23 617
Share premium	**49 806 844**	49 806 844	**49 806 844**	49 806 844
	67 330 461	49 830 461	**67 330 461**	49 830 461

16. Revaluation reserve

The asset revaluation reserve is used to account for fair value adjustments on the revaluation of land and building.

The effective date of the revaluations was 28 February 2013. Revaluations were performed by an independent valuer, ABSA Bank Limited who is not connected to the group.

Land and buildings are revalued independently every year.

	Group 2013	Group 2012	Company 2013	Company 2012
Revaluation surplus net of taxation	**162 665**	-	**-**	-

Figures in Rand

17. Other financial liabilities

	Group		Company	
	2013	2012	**2013**	2012
Held at amortised cost				
Instalment sale agreements	**3 372 215**	4 725 014	**-**	-
Liabilities under instalment sale agreements bear interest at an average effective rate of 11.46% (2012:11.46%) per annum. The current monthly instalment is R59 036 (2012: R51 234) and is repayable over a period of 48 to 60 months.				
BHW Consulting (Pty) Ltd	**5 000 000**	-	**-**	-
BHW loan is repayable in 36 months and bears interest at the rate of 8%. The rate will always exceed the call deposit rate of Investec Bank Limited by at least 50 basis points.				
Centurion Academy (Pty) Ltd	**134 819**	221 350	**-**	-
The loans are unsecured and interest free.				
Business Partners	**-**	244 000	**-**	244 000
The loan is unsecured and interest free and was repayable in monthly instalments of R50 000 .				
Giyatri Paper Mills (Pty) Ltd	**1 904 322**	2 950 202	**-**	-
The loan bears interest at the prime lending rate and repayable in monthly instalments. The loan is secured by a suretyship by W de Wet and WP van der Merwe, a pledge of all the shares in Placecol Fresh Beauty (Pty) Ltd.				
Mortgage bond	**1 174 078**	1 281 823	**-**	-
ABSA mortgage bonds bearing interest at an average rate of 6.95 % (2012: 6.95%) per annum. The current monthly instalment is R11 326 (2012: R11 326). The loans are secured by land and buildings with a carrying amount of R1 700 000 (2012: R1 500 000).				
Placecol Richards Bay	**79 721**	165 273	**-**	-
The loan is paid back in fixed instalments of R6 000 per month, with 0% interest and the loan is unsecured. The loan relates to the repayment of the Placecol Skin Care Clinic taken back as a corporate owned store during 2012.				
	11 665 155	9 587 662	**-**	244 000

Figures in Rand

17. Other financial liabilities (continued)

	Group		Company	
	2013	2012	**2013**	2012
Non-current liabilities				
At amortised cost	**8 395 943**	3 774 539	**-**	-
Current liabilities				
At amortised cost	**3 269 212**	5 813 123	**-**	244 000
	11 665 155	9 587 662	**-**	244 000

Fair value information
The fair value was determined by discounting the loans to its present value at a discounted rate of 17% over a period of one year. There are no differences between the fair value of the current loans and their carrying amounts.

	Group 2013	Group 2012	Company 2013	Company 2012
Instalment sale agreements				
Payments due within one year	**708 434**	854 808	**-**	-
Payments in second to fifth year inclusive	**2 206 788**	4 411 692	**-**	-
Less: Future finance costs	**(251 440)**	(541 486)	**-**	-
	2 663 782	4 725 014	**-**	-

18. Trade and other payables

	Group 2013	Group 2012	Company 2013	Company 2012
Trade payables	**6 100 259**	3 901 413	**-**	-
VAT	**141 414**	158 836	**-**	-
Deposits	**109 733**	289 972	**-**	-
Accrual Perfect 10 shopfitting	**1 033 138**	-	**-**	-
Other accruals	**-**	623 536	**-**	-
Payroll accruals	**571 670**	605 003	**-**	-
Gift card liability	**260 994**	145 487	**-**	-
	8 217 208	5 724 247	**-**	-

Fair value of trade and other payables
All the above, trade and other payables, are short term in nature. The carrying amount of trade and other payables represents the fair value.

19. Financial liabilities by category
The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost	**Total**
Group 2013		
Other financial liabilities	**11 665 155**	**11 665 155**
Trade and other payables	**7 243 130**	**7 243 130**
Bank overdraft	**3 925 003**	**3 925 003**
	22 833 288	**22 833 288**

Figures in Rand

19. Financial liabilities by category (continued)

	Financial liabilities at amortised cost	Total
Group 2012		
Loans from shareholders	5 218 398	5 218 398
Other financial liabilities	9 587 662	9 587 662
Trade and other payables	5 724 247	5 724 247
Bank overdraft	4 692 515	4 692 515
	25 222 822	25 222 822
Company 2012		
Loans from shareholders	4 198 398	4 198 398
Other financial liabilities	244 000	244 000
	4 442 398	4 442 398

20. Revenue

	Group		Company	
	2013	2012	**2013**	2012
Sale of goods	**53 423 410**	47 490 537	**2 421 270**	4 007 211
Royalty and other income	**18 063 102**	14 397 605	**-**	-
	71 486 512	61 888 142	**2 421 270**	4 007 211

21. Cost of sales

	Group 2013	Group 2012	Company 2013	Company 2012
Retail products				
Cost of goods sold	**24 091 514**	16 678 420	**-**	-
Cost of treatment products				
Cost of goods sold	**3 561 177**	2 790 874	**-**	-
	27 652 691	19 469 294	**-**	-

22. Operating profit

Operating profit for the year is stated after accounting for the following:

	Group 2013	Group 2012	Company 2013	Company 2012
Operating lease charges				
• Premises	**5 183 804**	6 013 038	**-**	2 156 018
• Equipment	**359 936**	295 782	**-**	-
(Loss) profit on sale of property, plant and equipment	**(10 000)**	19 330	**-**	-
Profit (loss) on exchange differences	**20 129**	(3 853)	**-**	-
Amortisation on intangible assets	**188 711**	61 438	**9 027**	-
Depreciation on property, plant and equipment	**745 238**	794 322	**3 321**	2 438
Employee costs	**18 767 269**	15 918 823	**-**	-

Figures in Rand

23. Investment revenue

	Group 2013	Group 2012	Company 2013	Company 2012
Interest revenue				
Franchised stores	**41 741**	174 703	**-**	-
Trade and other receivables	**-**	29 663	**-**	-
Bank	**28 104**	199 057	**27 340**	19 748
	69 845	403 423	**27 340**	19 748

24. Finance costs

	Group 2013	Group 2012	Company 2013	Company 2012
Shareholders	**9 852**	198 065	**-**	-
Non-current borrowings	**883 534**	414 207	**-**	73 036
Interest on directors loans	**39 396**	350 754	**-**	-
Current borrowings	**-**	33 679	**-**	-
Interest on mortgage bond	**147 230**	217 564	**-**	-
	1 080 012	1 214 269	**-**	73 036

25. Taxation

	Group 2013	Group 2012	Company 2013	Company 2012
Major components of the tax expense/ (income)				
Current				
Local income tax - current period	**-**	(157 914)	**-**	-
Deferred				
Originating and reversing temporary differences	**1 031 682**	716 998	**431 036**	365 680
	1 031 682	559 084	**431 036**	365 680
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	**28.00%**	28.00%	**28.00%**	28.00%
Overprovision of prior year expense	**-%**	(5.10)%	**-%**	-%
Capital gains tax	**(0.87)%**	0.02%	**-%**	-%
Disallowable charges	**2.40%**	2.31%	**-%**	-%
Other	**4.67%**	(7.16)%	**0.33%**	-%
	34.20%	18.07%	**28.33%**	28.00%

The total assessed loss of the group amounts to R35 967 314.

26. Auditors' remuneration

	Group 2013	Group 2012	Company 2013	Company 2012
Fees	**492 818**	450 408	**-**	-

Figures in Rand

27. Earnings per share

	Group 2013	Group 2012	Company 2013	Company 2012
Basic earnings per share From operations (cents per share)	**0.57**	1.07	**-**	-
Basic earnings per share was based on earnings of R 1 985 059 (2012: R 2 535 599) and a weighted average number of ordinary shares of 345 547 773 (2012: 236 172 773).				
Reconciliation of profit for the year to basic earnings				
Profit for the year attributable to equity holders of the parent	**1 985 059**	2 535 599	**1 090 324**	940 320
Reconciliation of basic earnings to earnings used to determine diluted earnings per share				
Basic earnings	**1 985 059**	2 535 599	**1 090 324**	940 320
Diluted earnings per share	**0.57**	1.07	**-**	-
Headline earnings per share				
Headline earnings per share (c)	**0.58**	1.07	**-**	-
Reconciliation between earnings and headline earnings				
Basic earnings	**1 985 059**	2 535 599	**1 090 324**	940 320
Loss on sale of asset	**7 200**	19 330	**-**	-
	1 992 259	2 554 929	**1 090 324**	940 320
Reconciliation between diluted earnings and diluted headline earnings				
Diluted earnings	**1 985 059**	2 535 599	**1 090 324**	940 320
Loss on sale of asset	**7 200**	-	**-**	-
	1 992 259	2 535 599	**1 090 324**	940 320

28. Cash generated from/(used in) operations

	Group 2013	Group 2012	Company 2013	Company 2012
Profit before taxation	**3 016 741**	3 094 683	**1 521 360**	1 306 000
Adjustments for:				
Depreciation and amortisation	**933 949**	855 761	**12 348**	2 438
Loss on sale of assets	**10 000**	19 330	**-**	-
Interest received	**(69 845)**	(403 420)	**(27 340)**	(19 748)
Finance costs	**1 080 012**	1 214 268	**-**	73 036
Movements in operating lease assets and accruals	**4 282**	(19 212)	**-**	-
Changes in working capital:				
Inventories	**(2 902 677)**	(978 897)	**-**	-
Trade and other receivables	**(1 347 735)**	(2 468 094)	**-**	-
Trade and other payables	**2 492 961**	(4 005 790)	**-**	(350 000)
	3 217 688	(2 691 371)	**1 506 368**	1 011 726

Figures in Rand

29. Tax paid

	Group		Company	
	2013	2012	**2013**	2012
Balance at beginning of the year	**(288 796)**	(709 144)	**-**	(3 095)
Current tax for the year recognised in profit or loss	**-**	157 914	**-**	-
Balance at end of the year	**(77 177)**	288 796	**-**	-
	(365 973)	(262 434)	**-**	(3 095)

30. Business combinations
Perfect 10
Imbalie Beauty Limited acquired A & V Beauty Products CC, trading as Perfect 10, a Beauty Franchised Group of 55 beauty studios nationally, for a purchase consideration of R14.35 million, effective from 1 March 2012. Imbalie Beauty Limited completed a general issue of shares for cash for R17.5 million to partly fund the transaction and to settle other long term debt.

109 375 000 ordinary shares were issued at 16 cents per share at an average discount of 6% to the weighted average share price.

The rationale for the Perfect 10 transaction is *inter alia* as follows:

- the acquisition of Perfect 10 will immediately elevate the group to the largest and leading beauty franchise company in South Africa with 150 beauty salons nationally;
- to take advantage of the synergies between the current salons in the group and Perfect 10 through on-going training, marketing and advertising;
- being able to leverage off national gift and loyalty card systems;
- to provide critical mass enabling the group to negotiate better fee structures from suppliers, financial institutions and landlords;
- the acquisition is expected to be earnings-enhancing to the company from the first year of consolidation.

The purchase consideration of R14 350 000 was allocated to intangible assets related to the Perfect 10 trademark and franchise agreements.

Enjoy Beauty (Pty) Ltd trading company for the Perfect 10 Studios profit for the period after tax R1 950 995.

31. Operating lease liability

Operating lease accrual	**222 141**	217 859	**-**	-

32. Contingencies
Absa Bank holds to the total value of the overdraft facility R5 700 000 suretyships for credit facilities granted to the group, supplied by:
Placecol Fresh Beauty (Pty) Ltd
Placecol Skin Care Clinic (Pty) Ltd
Dreamnails Beauty (Pty) Ltd
Imbalie Beauty Training Academy (Pty) Ltd
Imbalie Innovvation (Pty) Ltd
Enjoy Beauty (Pty) Ltd
Imbalie Beauty Limited

Absa Bank holds cession of group loan accounts in the following entities:
Placecol Fresh Beauty (Pty) Ltd
Dreamnails Beauty (Pty) Ltd
Imbalie Beauty Training Academy (Pty) Ltd
Imbalie Innovvation (Pty) Ltd
Enjoy Beauty (Pty) Ltd
Imbalie Beauty Limited

Figures in Rand

32. Contingencies (continued)

Firstrand Bank Limited holds a second cession to Imbalie Beauty's debtors until the Bank consents in writing to the cancellation of the Deed (Cession of Debts) to the value of R565 000.

Placecol Skin Care Clinic (Pty) Ltd has an approved facility for guarantees to the value of R785 000 as reviewed and updated on 30 November 2011.

33. Related parties

Relationships

Subsidiaries	Refer to note 6
Shareholder with significant influence	Reign Capital (Pty) Ltd Centurion Academy (Pty) Ltd BHW Consulting (Pty) Ltd
Salons owned by Board members	
H Lunderstedt and E Colyn	Beauty Flagship (Pty) Ltd (Placecol Skin Care Clinic Cresta, Dream Nails Beauty Salon Cresta and Perfect 10 Cresta) Perfect 10 Cresta was sold on 1 May 2013
E Colyn	Mundex (Pty) Ltd (Placecol Skin Care Clinic Brightwater Commons)
WP van der Merwe	Combru Beauty Salon CC (Perfect 10 Clearwater Mall)
WP van der Merwe	Karen Smithies CC (Perfect 10 Town Square)
Directors of the company	Ms HA Lunderstedt (Non-executive Chairman) Mnr TJ Schoeman (lead independent non-executive director) Mr MM Patel (independent non-executive director) Mr GSJ van Nieuwenhuizen (independent non- executive director) Mr WP van der Merwe (non-executive director) Ms E Colyn (Chief Executive Officer) Ms M Malan (Financial Director)

The related party transactions were made on terms equivalent to those that prevail at arm's length transactions.

Key management personnel - refer to note 32.

Suretyships - refer to note 30.

	Group		Company	
	2013	2012	**2013**	2012
Related party balances				
Loans to/(from) subsidiaries				
Placecol Fresh Beauty (Pty) Ltd	**-**	-	**35 122 461**	22 304 405
Interest paid to/(received from) related parties				
Working Capital: WP van der Merwe	**9 852**	198 065	**-**	-
E Colyn	**-**	205 405	**-**	42 771
WP van der Merwe	**-**	145 349	**-**	30 265
Management fees received from related parties				
Placecol Fresh Beauty (Pty) Ltd	**-**	-	**(4 043 464)**	(4 007 211)

Figures in Rand

33. Related parties (continued)

	Group 2013	Group 2012	Company 2013	Company 2012
Loans from shareholders				
WP van der Merwe	**-**	(1 690 396)	**-**	(1 690 396)
E Colyn	**-**	(2 508 002)	**-**	(2 508 002)
Working Capital: WP van der Merwe	**-**	(1 020 000)	**-**	-
Reign Capital (Pty) Ltd	**(3 045 675)**	(2 884 740)	**-**	-
BHW Consulting (Pty) Ltd	**(5 000 000)**	-	**-**	-
Centurion Academy (Pty) Ltd	**(134 819)**	(221 350)	**-**	-
Royalties received from related parties				
Beauty Flagship (Pty) Ltd	**216 717**	-	**-**	-
Mundex (Pty) Ltd	**158 548**	-	**-**	-
Combru Beauty Salon CC	**89 555**	-	**-**	-
Karen Smithies CC	**89 245**	-	**-**	-
Outstanding debtors from related parties				
Beauty Flagship (Pty) Ltd	**53 169**	-	**-**	-
Mundex (Pty) Ltd	**35 982**	-	**-**	-
Combru Beauty Salon CC	**37 502**	-	**-**	-
Karen Smithies CC	**12 788**	-	**-**	-

34. Directors' and prescribed officer's emoluments

No loans were paid to the directors or any individuals holding a prescribed office during the year.

	Emoluments	Total
Executive		
2013		
Ms E Colyn (Chief Executive Officer)	**540 000**	**540 000**
Ms M Malan (Financial Director)	**534 000**	**534 000**
	1 074 000	**1 074 000**
2012		
Ms E Colyn (Chief Executive Officer)	438 000	438 000
Ms M Malan (Financial Director)	492 000	492 000
	930 000	930 000

	Directors' fees	Total
Non-executive		
2013		
Ms HA Lunderstedt (Non-executive Chairman)	**180 000**	**180 000**
Mr TJ Schoeman (Lead independent non-executive director)	**84 000**	**84 000**
Mr MM Patel (Independent non-executive director)	**96 000**	**96 000**
Mr GSJ van Nieuwenhuizen (Independent non-executive director)	**84 000**	**84 000**
Mr WP van der Merwe (Non-executive director)	**84 000**	**84 000**
	528 000	**528 000**
2012		
Mr TJ Schoeman (Lead independent non-executive director)	100 000	100 000
Mr MM Patel (Independent non-executive director)	90 000	90 000
Mr GSJ van Nieuwenhuizen (Independent non-executive director)	80 000	80 000
Mr WP van der Merwe (Non-executive director)	80 000	80 000
	350 000	350 000

Figures in Rand

34. Directors' and prescribed officer's emoluments (continued)

	Emoluments	Total
Prescribed officers		
2013		
T Burger	**450 000**	**450 000**
A Piekaar	**559 800**	**559 800**
	1 009 800	**1 009 800**
2012		
T Burger	75 000	75 000
A Piekaar	511 500	511 500
T Niemand	482 875	482 875
	1 069 375	1 069 375

35. Risk management

Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light if changes in economic conditions and the needs of the group. No changes were made to the objectives, policies or processes during the year ended 28 February 2013.

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain the future development of the business. The board of directors monitors the return on capital, which the group defines as total capital and reserves, and the level of dividends to ordinary shareholders.

There are no externally imposed capital requirements.

Imbalie Beauty Limited acquired A & V Beauty Products CC, trading as Perfect 10, a Beauty Franchised Group of 55 beauty studios nationally, for a purchase consideration of R14.35 million, effective from 1 March 2012. Imbalie Beauty Limited completed a general issue of shares for cash for R17.5 million to partly fund the transaction and to settle other long term debt.

109 375 000 ordinary shares were issued at 16 cents per share at an average discount of 6% to the weighted average share price.

Financial risk management

The board of directors has the overall responsibility for the establishment and oversight of the group's risk management framework.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies and systems are reviewed regularly to reflect changes in market conditions and activities.

The group's financial instruments consists mainly of deposits with banks, accounts receivables and payables, loans to and from subsidiaries and instalment sale agreements.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Figures in Rand

35. Risk management (continued)

	Less than 1 year	Between 1 and 2 years
At 28 February 2013		
Group		
Other financial liabilities	**3 269 212**	**8 395 943**
Bank overdraft	**3 925 003**	**-**
Trade and other payables	**7 243 130**	**-**
At 29 February 2012		
Other financial liabilities	**5 813 123**	**3 774 539**
Bank overdraft	**4 692 516**	**-**
Trade and other payables	**4 814 919**	**-**
Loans from shareholders	**5 218 398**	**-**

	Less than 1 year
At 29 February 2012	
Company	
Other financial liabilities	244 000
Loans from shareholders	4 198 398

At present the group does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments the company expects the operating activity to generate sufficient cash inflows. In addition, the group holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

Interest rate risk

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, bank overdrafts, loans receivable and payable. The interest applicable to these financial instruments are on a floating basis in line with those currently available in the market.

The group's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate debt instruments.

The analysis has been performed for floating interest rate financial liabilities and cash. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses.

The group does not have any fair value sensitivity in respect of fixed rate instruments as at reporting date.

Sensitivity analysis

	Carrying value at year end 2013	**After tax effect on statement of comprehensive income if the income interest rate increase/ (decrease) by 1%**	Carrying value at year end 2012	After tax effect on statement of comprehensive income if the income interest rate increase/ (decrease) by 1%
Cash and cash equivalents	**238 390**	**1 716**	40 771	294
Other financial assets	**2 887 845**	**19 110**	2 979 959	21 456
Bank overdraft	**(3 925 003)**	**(28 260)**	(4 692 515)	(33 786)
Other financial liabilities	**(11 665 155)**	**(84 252)**	(8 957 039)	(64 491)
Shareholders loans	**-**	**-**	(5 218 398)	(37 572)

Figures in Rand

35. Risk management (continued)
Cash flow interest rate risk

	Current interest rate	**Group 2013**	Group 2012	**Company 2013**	Company 2012
Cash and cash equivalents	3-4%	**238 390**	40 771	**1 000**	39 721
Other financial assets	2-8.5%	**2 188 841**	1 945 472	**227 298**	227 298
Bank overdraft	10.5%	**(3 925 003)**	(4 692 515)	**-**	-
Other financial liabilities	8.5-17%	**(11 450 615)**	(8 957 039)	**-**	-
Shareholders loans	8.5%	**-**	(5 218 398)	**-**	(4 198 398)

Credit risk
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Financial assets exposed to credit risk at year end were as follows:

	Group		Company	
	2013	2012	**2013**	2012
Financial instrument				
Other financial assets	**2 887 845**	2 979 959	**227 298**	227 298
Trade and other receivables	**9 959 625**	8 611 889	**-**	-
Cash and cash equivalents	**335 220**	153 013	**1 000**	39 721
Loans to group companies	**-**	-	**35 122 461**	22 304 405

Foreign exchange risk
The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions.

The group does not hedge foreign exchange fluctuations.

The group reviews its foreign currency exposure, including commitments on an ongoing basis.

Foreign currency exposure at the end of the reporting period				
(Assets)/Liabilities				
Trade and other receivables	**329 292**	206 827	**-**	-
Trade and other payables	**(256 991)**	-	**-**	-
Group				
Sensitivity analysis				
Strengthening of the USD with R1 at USD 9.83978 (2012: USD 8.4763)	**8 151**	16 970	**-**	-
Strengthening of the EURO with R1 at EURO 12.5666 (2012: 10.9613)	**-**	2 213	**-**	-

Exchange rates used for conversion of foreign items were:
USD: 8.83978 (2012: 7.4763)
EURO: 11.5666 (2012: 9.9613)

36. Going concern
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

37. Events after the reporting period
Other than stated in the Directors' Report no events material to the understanding of these financial statements have occurred between the end of the financial year and the date of approval of these financial statements.

Shareholder Analysis

Register date: 22 February 2013

Issued share capital: 345 547 773

	No of Shareholdings	%	No of Shares	%
SHAREHOLDER SPREAD				
1 - 1 000 shares	16	5.48	4 890	0.00
1 001 - 10 000 shares	57	19.52	304 173	0.09
10 001 - 100 000 shares	127	43.49	5 683 323	1.64
100 001 - 1 000 000 shares	59	20.21	20 117 703	5.82
1 000 001 shares and over	33	11.30	319 437 684	92.44
Totals	**292**	**100.00**	**345 547 773**	**100.00**
DISTRIBUTION OF SHAREHOLDERS				
Close Corporations	7	2.39	2 948 419	0.85
Individuals	259	88.70	157 381 365	45.55
Nominees & Trusts	11	3.77	19 634 832	5.68
Other Corporations	4	1.37	423 000	0.12
Private Companies	11	3.77	165 160 157	47.80
Totals	**292**	**100.00**	**345 547 773**	**100.00**
PUBLIC / NON - PUBLIC SHAREHOLDERS				
Non - Public Shareholders	**6**	**2.05**	**141 278 141**	**40.89**
Directors and Associates	5	1.71	51 147 029	14.81
Holding 10% or more	1	0.34	90 131 112	26.08
Public Shareholders	**286**	**97.95**	**204 269 632**	**59.11**
Totals	**292**	**100.00**	**345 547 773**	**100.00**
Beneficial shareholders holding 3% or more				
BHW (Pty) Ltd			78 125 000	22.61
SA Madiba Investment (Pty) Ltd			66 965 675	19.38
Colyn, E			35 171 549	10.18
Anne-Marie de Beer			30 959 117	8.96
Hendrik Christoffel Keyter			15 114 252	4.37
Silver Crest Trading 143 (Pty) Ltd			13 940 000	4.03
Lance Billion Williams Family Trust			11 542 092	3.34
Totals			**251 817 685**	**72.87**
Directors				
BHW (Pty) Ltd			78 125 000	22.61
SA Madiba Investment (Pty) Ltd			66 965 675	19.38
Colyn, E			35 171 549	10.18
Malan, M			83 334	0.02
Theonelle Beleggingstrust			73 500	0.02
Totals			**180 419 058**	**52.21**

Shareholders Diary

Financial year end	28 February 2013
Reports and profit announcements	
- Annual Report	26 July 2013
- Interim Report	November 2013
Annual General Meeting	16 August 2013

Notice of Annual General Meeting

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take in respect of the resolutions contained in this notice, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

If you have sold or otherwise transferred all your ordinary shares in the Company, please send this document together with the accompanying Form of Proxy at once to the relevant transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for transmission to the relevant transferee.

All references in this notice of Annual General Meeting ("AGM") (including all of the ordinary and special resolutions contained herein) to the Company's Memorandum of Incorporation ("MOI") refer to provisions of that portion of the Company's MOI that was previously called the Company's Articles of Association.

Notice is hereby given that the Annual General Meeting of the shareholders of Imbalie Beauty Limited ("the Company") will be held at the Company's registered office located at Imbalie Beauty Boulevard, Samrand Avenue, Kosmosdal, Centurion on Tuesday, 27 August 2013 at 10h00 to deal with the business as set out below and to consider and, if deemed appropriate, pass the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, 2008 ("the Act"), as read with the Listings Requirements of the JSE Limited ("JSE Listings Requirements").

Kindly note that in terms of section 63(1) of the Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements of the Company and its subsidiaries, incorporating the reports of the auditors, the Audit Committee and the Directors for the year ended 28 February 2013 will be presented to shareholders as required in terms of section 30(3)(d) of the Act.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

In accordance with Companies Regulation 43(5)(c), issued in terms of the Act, the Chairman of the Social and Ethics Committee will present a verbal report to shareholders at the Annual General Meeting.

RESOLUTIONS FOR CONSIDERATION AND APPROVAL

Ordinary Resolution 1: Re-election of Directors

To elect by way of separate resolutions, Directors in the place of those retiring in accordance with the Company's MOI. The Directors retiring are Messrs GSJ v. Nieuwenhuizen and WF v.d. Merwe, both of whom being eligible offer themselves for re-election.

Ordinary resolution 1.1: Re-election of Mr GSJ van Nieuwenhuizen

"RESOLVED that Mr GSJ van Nieuwenhuizen be and is hereby re-elected as a director of the Company."

Ordinary resolution 1.2: Re-election of Mr WP van der Merwe

"RESOLVED that Mr WP van der Merwe be and is hereby re-elected as a director of the Company."

A brief biographical defacts of Mr GSJ van Nieuwenhuizen and Mr WP van der Merwe are set out on page 3 of the integrated report of which this notice forms part.

Ordinary Resolution 2: Appointment of Audit Committee

To approve, by way of separate resolutions, the appointment of the following Independent Non-Executive Directors as members of the Audit Committee:

- **Ordinary resolution 2.1**: Mr MM Patel
- **Ordinary resolution 2.2**: Mr GSJ van Nieuwenhuizen
- **Ordinary resolution 2.3**: Mr TJ Schoeman

Ordinary Resolution 3: Re-appointment of Auditors
To re-appoint, on recommendation of the current Audit Committee, Nexia SAB&T as independent auditors of the Company, the designated auditor meeting the requirements of section 90(2) of the Act until conclusion of the next Annual General Meeting.

Ordinary Resolution 4: Authority to issue shares
To authorise the Directors as required by the Company's MOI and subject to the provisions of section 41 of the Act to allot and issue at their discretion the unissued but authorised ordinary shares in the share capital of the Company and/or grant options to subscribe for the unissued shares in the issued share capital of the Company as at 28 February 2013 for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by the JSE Limited and are subject to the JSE Listings Requirements which authority shall endure until the next Annual General Meeting of the Company.

Ordinary Resolution 5: Authority to issue shares for cash
To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"RESOLVED that, in terms of the Listings Requirements of the JSE Limited ("JSE"), the mandate given to the Directors of the Company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- that this authority shall only be valid until the next Annual General Meeting of the Company but shall not extend beyond 15 (fifteen) months from the date of this meeting;
- the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE;
- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- that a paid press announcement giving full details, including the impact of the issue on net asset value, net tangible asset value, earnings and headline earnings per share and if applicable, diluted earnings and diluted headline earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 15% (fifteen percent) of the number of shares in issue prior to the issue concerned;
- that the issues in aggregate in any one financial year (including the number of any shares that may be issued in future arising out of the issue of options) shall not exceed 50% (fifty percent) of the number of shares of the Company's issued ordinary share capital; and
- that in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% (ten percent) of the weighted average traded price of the ordinary shares on the JSE, measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities."

Ordinary Resolution 6: Remuneration philosophy
To endorse through, by way of a non-binding, advisory vote, the remuneration philosophy of the Company as set out on page 72 of the integrated report of which this notice forms part.

Special Resolution 1: General authority to repurchase shares
To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED by way of a special resolution that the mandate given to the Company in terms of its MOI (or one of its wholly-owned subsidiaries) providing authorisation, by way of a general approval, to acquire the Company's own securities, upon such terms and conditions and in such amounts as the Directors may from time to time decide, subject to the Listings Requirements of the JSE be extended, subject to the following:

- This general authority be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this resolution (whichever period is shorter);
- the repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;

- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- the number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty percent) of the Company's issued share capital as at the date of passing of this special resolution or 10% (ten percent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;
- the Company's designated adviser confirming the adequacy of the Company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE prior to the Company entering the market to proceed with the repurchases;
- the Company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in a place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period;
- at any point in time the Company only appointing one agent to effect any repurchases on its behalf; and
- the Board of Directors passing a resolution that they authorised the repurchase and that the Company passed solvency and liquidity test set out in section 4 of the Act and that since the test was done there have been no material changes to the financial position of the group.

The Directors, having considered the effects of the maximum repurchase permitted, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the Annual General Meeting and at the actual date of the repurchases:

- the Company and the group will be able, in the ordinary course of business, to pay its debts;
- the working capital of the Company and the group will be adequate for ordinary business purposes;
- the assets of the Company and the group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the group; and
- the Company's and the group's ordinary share capital and reserves will be adequate for ordinary business purposes.

Special Resolution 2: Directors' remuneration
To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED, as a special resolution:

- that the Company be and is hereby authorised to pay remuneration to its Directors for their services as Directors, as contemplated in section 66(8) and 66(9) of the Act; and
- that the remuneration structure and amounts as set out below, be and is hereby approved until such time as rescinded or amended by shareholders by way of a special resolution:

Chairman of the Board R180 000 per annum

Chairman of Audit Committee R144 000 per annum (board meeting 30 May 2013)

Non-Executive director R84 000 per annum

A general hourly consultation fee for R1 500 per hour, for any ad-hoc services rendered to the Company, which fall outside the abovementioned fees, would be paid to the Directors for such services rendered in their capacities as Directors or expert consultants.

Special Resolution 3: Financial assistance to related and inter-related companies
To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED, by way of a special resolution, that the Directors of the Company be and are hereby authorised as required in terms of sections 44 and/or 45(2) of the Act and the MOI to provide financial assistance to all related and inter-related companies within the Imbalie group of companies, at such times and on such terms and conditions as the Directors in their sole discretion deem fit and subject to all relevant statutory and regulatory requirements being met, such authority to remain in place until rescinded by way of special resolution passed at a duly constituted Annual General Meeting of the Company."

Ordinary Resolution 7: Signing authority
To authorise any one Director or the secretary of the Company to do all such things and sign all such documents as are deemed necessary to implement the resolutions set out in the notice convening the Annual General Meeting at which this ordinary resolution will be considered and approved at such meeting.

Additional Information
The following additional information, some of which may appear elsewhere in the integrated report, is provided in terms of the JSE Listings Requirements for purposes of the general authority to repurchase the Company's shares set out in special resolution number 1 above:

- Directors and management – page 3;
- Major shareholders – page 69;
- Directors' interests in ordinary shares – page 24;
- Share capital of the Company – page 24;
- Material change – there were no material changes in the Annual Financial Report; and
- Responsibility statement – page 20.

Litigation statement
The Directors in office whose names appear on page 3 of the integrated report, are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have, or have had, in the recent past, being at least the previous 12 (twelve) months from the date of this integrated report, a material effect on the group's financial position.

Directors' responsibility statement
The Directors in office, whose names appear on page 3 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this notice 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 special resolution contains all information required by the JSE Listings Requirements.

Material changes
Other than the facts and developments reported on in the integrated report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of signature of the integrated report.

Directors' intention regarding the general authority to repurchase the Company's shares
The Directors have no specific intention, at present, for the Company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the Company and its shareholders.

Electronic Participation
Should any shareholder of the Company wish to participate in the Annual General Meeting by way of electronic participation, that shareholder shall be obliged to make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate, to the transfer secretaries at the applicable address set out below at least 5 (five) business days prior to the Annual General Meeting. Shareholders who wish to participate in the meeting by dialling in must note that they will not be able to vote electronically. Should such shareholders wish to have their votes counted at the meeting, they are welcome to cast their votes via representation at the meeting either by proxy or by letter of representation, as provided for in this notice of Annual General Meeting.

The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation. The Company cannot be held liable for any loss, damage, penalty or claim arising in any way from the use of the telecommunication facility whether or not as a result of any act or omission on the part of the Company or anyone else.

RECORD DATES, PROXIES AND VOTING

In terms of section 59(1)(a) and (b) of the Act, the Board of the Company has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the AGM (being the date on which a shareholder must be registered in the Company's securities register in order to receive notice of the AGM) as Friday, 19 July 2013; and
- participate in and vote at the AGM (being the date on which a shareholder must be registered in the Company's securities register in order to participate in and vote at the AGM) as Friday, 16 August 2013.

The last day to trade in order to participate and vote at the AGM is Thursday, 8 August 2013.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM, Tuesday 27 August 2013, are entitled to appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that proxy forms be forwarded so as to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited (70 Marshall Street, Corner Sauer Street, Johannesburg; P O Box 61051, Marshalltown, 2107), by no later than 48 (forty-eight) hours before the commencement of the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend, participate in and vote at the AGM do not deliver proxy forms to the transfer secretaries by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the AGM immediately prior to the AGM, in accordance with the instructions therein, with the Chair of the AGM.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name' registration, should contact their CSDP or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the AGM, to obtain the necessary letter of representation to do so.

On a show of hands, every shareholder present in person or represented by proxy and entitle to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.

PROXIES

Shareholders and proxies of shareholders are advised that they will be required to present reasonably satisfactory identification in order to attend or participate in the Annual General Meeting as required in terms of section 63(1) of the Act. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

VOTING

For the purpose of resolutions proposed in terms of the JSE Listings Requirements wherein any votes are to be excluded from that resolution, any proxy given by a holder of securities to the holder of such an excluded vote shall be excluded from voting for the purposes of that resolution.

By order of the Board

AGM Explanatory Notes

Presentation of annual financial statements
At the Annual General Meeting, the Directors must present the annual financial statements for the year ended 28 February 2013 to shareholders, together with the reports of the Directors, the Audit Committee and the auditors. These are contained within the integrated report.

Ordinary Resolutions 1.1 – 1.2: Rotation of Directors
In accordance with the Company's MOI, one third of the Directors is required to retire at each Annual General Meeting and may offer themselves for re-election. In addition, any person appointed to the Board of Directors following the previous Annual General Meeting is similarly required to retire and is eligible for re-election at the next Annual General Meeting.

The following Directors are eligible for re-election:

Mr GSJ van Nieuwenhuizen

Mr WP van der Merwe

Brief biographical details of each of the above Directors and the remaining members of the Board are contained on page 3 of the integrated report of which this notice forms part.

Ordinary Resolutions 2.1 – 2.3 – Appointment of Audit Committee
In terms of section 94(2) of the Act, a public Company must at each Annual General Meeting elect an Audit Committee comprising at least three members who are Directors and who meet the criteria of section 94(4) of the Act. Regulation 42 to the Act specifies that one third of the members of the Audit Committee must have appropriate academic qualifications or experience in the areas as listed in the regulation.

The Board of Directors of the Company is satisfied that the proposed members of the Audit Committee meet all relevant requirements.

Ordinary Resolution 3 – Re-appointment of Auditors
Nexia SAB&T has indicated its willingness to continue in office and resolution 3 proposes the re-appointment of that firm as the Company's auditors with effect from 1 March 2013. Section 90(3) of the Act requires the designated auditor to meet the criteria as set out in section 90(2) of the Act.

The Board of Directors of the Company is satisfied that both Nexia SAB&T and the designated auditor meet all of the relevant requirements.

Ordinary Resolution 4 and 5 – Placement and issue of shares for cash
In terms of the Act, Directors are authorised to allot and issue the unissued shares of the Company, unless otherwise provided in the Company's MOI or in instances as listed in section 41 of the Act. The JSE requires that the MOI should provide that shareholders in a general meeting may authorise the Directors to issue unissued securities and/or grant options to subscribe for unissued securities as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and are subject to the JSE Listings Requirements. Directors confirm that there is no specific intention to issue any shares, other than as part of and in terms of the rules of the Company's share incentive scheme, as at the date of this notice.

Also, in terms of the JSE Listings Requirements, the authority to issue shares for cash as set out in ordinary resolution 5 requires the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting for ordinary resolution number 5 to become effective.

Ordinary Resolution 6 – Remuneration philosophy
The King Report on Corporate Governance for South Africa, 2009 recommends that the remuneration philosophy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration philosophy and policy of the Company.

Special Resolution 1 – General authority to repurchase shares
Section 48 of the Companies Act authorises the Board of Directors of a Company to approve the acquisition of its own shares subject to the provisions of section 48 and section 46 having been met. The JSE Listings Requirements require the shareholders of the Company to approve the authority to repurchase shares and the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting for special resolution number 1 to become effective.

Special Resolution 2 – Directors' remuneration

In terms of section 66(8) and section 66(9) of the Companies Act, companies may pay remuneration to Directors for their services as Directors for their services as Directors unless otherwise provided by the MOI and on approval of shareholders by way of a special resolution. Executive Directors are not specifically remunerated for their services as Directors but as employees of the Company and as such, the resolution as included in the notice requests approval of the remuneration paid to Non-Executive Directors for their services as Directors of the Company.

Special Resolution 3 – Financial assistance to related and inter-related companies

Section 45(2) of the Act authorises the Board to provide direct or indirect financial assistance to a related or inter-related Company, to subject to subsections (3) and (4) of section 45 of the Act and unless otherwise provided in the Company's MOI. In terms of section 45(3) of the Act, a special resolution of shareholders is required in these instances. The main purpose of the special resolution as set out in the notice of the meeting is to approve the granting of inter-Company loans, a recognised and well known practice, details of which are also set out in the notes to the annual financial statements.

Ordinary Resolution 7 – Signing authority

Authority is required to do all such things and sign all documents and take all such action as necessary to implement the resolutions set out in the notice and approved at the Annual General Meeting. It is proposed that the Company secretary and/or director be authorised accordingly.

General

Shareholders and proxies attending the Annual General Meeting on behalf of shareholders are reminded that section 63(1) of the Act requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting. This could be in the form of an original or certified copy of an identity document, driver's licence or passport.

IMBALIE BEAUTY LIMITED
(formerly Skinwell Holdings Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2003/025374/06)
JSE code: ILE ISIN: ZAE000165239
("Imbalie Beauty" or "the company" or "the group")

Form of Proxy

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY

For completion by registered members of Imbalie unable to attend the Annual General Meeting ("AGM") of the Company to be held on Tuesday, 27 August 2013 at 10h00 at the Company's registered office located at Imbalie Beauty, Imbalie Beauty Boulevard, Samrand Avenue, Kosmosdal, Centurion, or at any adjournment thereof.

I/We (PLEASE PRINT NAMES IN FULL) ____________________

of (ADDRESS) ____________________

being the holder/s of ____________________ shares in the Company, do hereby appoint:

1. ____________________ or, failing him/her

2. ____________________ or, failing him/her

the Chairman of the annual general meeting, as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the abovementioned annual general meeting of members or at any adjournment thereof, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

		Number of votes		
		For	Against	Abstain
1.	Ordinary Resolution 1: To re-elect the Directors required to retire in terms of the Memorandum of Incorporation			
	1.1 Mr GSJ van Nieuwenhuizen			
	1.2 Mr WP van der Merwe			
2.	Ordinary resolution 2: To re-elect the members of the Audit Committee			
	2.1 Mr MM Patel			
	2.2 Mr GSJ van Nieuwenhuizen			
	2.3 Mr TJ Schoeman			
3.	Ordinary Resolution 3: To re-appoint auditors			
4.	Ordinary Resolution 4: To authorise Directors to allot and issue unissued ordinary shares			
5.	Ordinary Resolution 5: To authorise Directors to allot and issue ordinary shares for cash			
6.	Ordinary Resolution 6: To approve remuneration philosophy by way of a non-binding, advisory vote			
7.	Special Resolution 1: To authorise Directors to repurchase Company shares			
8.	Special Resolution 2: To approve Directors' remuneration			
9.	Special Resolution 3: To approve financial assistance to related and inter-related companies			
10.	Ordinary Resolution 7: To provide signing authority			

A proxy need not be a shareholder.

A shareholder who has dematerialised his/her shares, other than a shareholder which has dematerialised his/her shares with "own name" registration, should contact his/her CSDP or broker in the manner and time stipulated in his/her agreement with the CSDP or broker, in order to furnish his/her CSDP or broker with his/her voting instructions or to obtain the necessary Letter of Representation to attend the AGM, in the event that he/she wishes to attend the AGM.

On show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company.

A proxy may not delegate his/her authority to act on his/her behalf to another person. (See note 11).

This proxy form will lapse and cease to be of force and effect immediately after the AGM of the Company and any adjournment(s) thereof, unless it is revoked earlier (as to which see notes 15 and 16).

Signed at ____________________ this day of ____________________ 2013

Assisted by me, where applicable (name and signature) ____________________

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit.

Notes to the Form of Proxy

Summary of holders' rights in respect of proxy appointments as set out in sections 56 and 58 of the Act and notes to the form of proxy

1. Section 56 grants voting rights to holders of beneficial interests in certain circumstances, namely if the beneficial interest includes the right to vote on the matter, and the person's name is on the Company's register of disclosures as the holder of a beneficial interest. A person who has a beneficial interest in any securities that are entitled to be voted on by him/her, may demand a proxy appointment from the registered holder of those securities, to the extent of that person's beneficial interest, by delivering such a demand to the registered holder, in writing, or as required by the applicable requirements of a central securities depository.
2. A proxy appointment must be in writing, dated and signed by the person appointing a proxy.
3. Forms of proxy must be delivered to the Company before a proxy may exercise any voting rights at the AGM either by returning them to Computershare Investor Services (Pty) Limited at the following address Ground Floor, 70 Marshall Street, Johannesburg, to be received on or before 10h00 on Friday, 23 August 2013 by presenting it to a representative of Computershare Investor Services (Pty) Limited at the premises of the Company, immediately before the commencement of the AGM. Forms can be posted or hand delivered.
4. Each person entitled to exercise any voting rights at the AGM may appoint a proxy or proxies to attend, speak, vote or abstain from voting in place of that holder.
5. A person entitled to vote may insert the name of a proxy or the name of an alternative proxy of the holder's choice in the space provided, with or without deleting the Chair of the AMG. Any such deletion must be initialled. The person whose name stands first on the form of proxy and who is present at the AGM shall be entitled to act as proxy to the exclusion of the person whose name follows as an alternative. In the event that no names are indicated, the proxy shall be exercised by the Chair of the AGM.
6. An "X" in the appropriate box indicates that all your voting rights are exercisable by that holder. If no instructions are provided in the form of proxy, in accordance with the above, then the proxy shall be entitled to vote or abstain from voting at the AGM, as the proxy deems fit in respect of all your voting rights exercisable thereat, but if the proxy is the Chair, failure to provide instructions to the proxy in accordance with the above will be deemed to authorise the proxy to vote only in favour of the resolution.
7. You or your proxy are not obliged to exercise all your voting rights exercisable, but the total of the voting rights cast may not exceed the total of the voting rights exercisable by you.
8. Your authorisation to the proxy, including the Chairman of the AGM, to vote on your behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
9. The completion and lodging of this form of proxy will not preclude you from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, in which case the appointment of any proxy will be suspended to the extent that you choose to act in person in the exercise of your voting rights at the AGM.
10. The Company's MOI does not permit delegation by a proxy.
11. Documentary evidence establishing the authority of a person attending the AGM on your behalf in a representative capacity or signing this form of proxy in a representative capacity must be attached to this form.
12. The Company will accept an original and valid identity document, driver's licence or passport as satisfactory identification.
13. Any insertions, deletions or alteration to this form must be initialled by the signatory(ies).
14. The appointment of a proxy is revocable unless you expressly state otherwise in the form of proxy.
15. You may revoke the proxy appointment by: (i) cancelling it in writing, or making a later, inconsistent appointment of a proxy; and (ii) delivering copy of the revocation instrument, the proxy to the Company at its premises or at Ground Floor, 70 Marshall Street, Johannesburg for the attention of Computershare Investor Services (Pty) Limited, to be received before the replacement proxy exercises any of your rights at the AGM.
16. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on your behalf at the later of (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument is delivered as required in note 15.
17. If this form of proxy has been delivered to the Company in accordance with note 3 then, as long as that appointment remains in effect, any notice that is required by the Act or the Company's MOI to be delivered by the Company to the holder of the voting rights must be delivered by the Company to:
    a. the holder; or
    b. the proxy, if the holder has:
        i. directed the Company to do so, in writing; and
        ii. has paid any reasonable fee charged by the Company for doing so.
18. In terms of section 56 of the Act, the registered holder of ay shares in which any person has a beneficial interest, must deliver to each such person a notice of any meeting of the Company at which those shares may be voted on, within two business days after receiving such a notice form the Company.

Administration

Business Address
Imbalie Beauty Boulevard
Samrand, Gauteng, 2001
Telephone : (012) 621 3300
Facsimile: (012) 621 3338

Company Secretary and Registered Office
iThemba Governance and Statutory Solutions (Pty) Limited
Represented by Ms Elize Greeff
P O Box 25160, Monument Park, 0105
Monument Office Park Suite 5 – 102,
79 Steenbok Ave, Monument Park
Telephone : 086 111 1010
Facsimile: 086 604 1315
Website: www.ithembaonline.co.za

Transfer Secretaries
Computershare Investor Services (Pty) 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

Attorneys
Roodt Inc.
(Registration number 2003/016254/21)
Block A, 7 Eton Road, Sandhurst, 2196
(PO Box 78894, Sandton, 2146)
Telephone: (011) 685 0000
Facsimile: (011) 685 0003

Designated Advisor
Grindrod Bank Limited
(Registration number 1994/007994/06)
Building Three, 1st Floor, North Wing, Commerce Square
39 Rivonia Road (corner Helling Road), Sandton, 2196
(PO Box 78011, Sandton, 2146)
Telephone: (011) 459 1860
Facsimile: (011) 459 1872

Auditors
Nexia SAB&T
(Registration number 1997/018869/21)
119 Witch-Hazel Avenue,
Highveld Technopark, Centurion, 0157
(PO Box 10512, Centurion, 0046)
Telephone: (012) 682 8789
Facsimile: (011) 682 8786

Corporate Information

Full name	Imbalie Beauty Limited
Registration number	2003/025374/06
JSE abbreviated name	“Imbalie”
JSE code	ILE
ISIN	ZAE000165239
Sector	AltX
Exchange	Alternative Exchange
Founded	2003
Listed JSE	21 August 2007
Website	www.imbaliebeauty.co.za
Country of incorporation and domicile	South Africa
Directors	Ms HA Lunderstedt (Non-executive Chairman) Mr TJ Schoeman (Lead independent non-executive director) Mr MM Patel (Independent non- executive director) Mr GSJ van Nieuwenhuizen (Independent non-executive director) Mr WP van der Merwe (Non- executive director) Ms E Colyn (Chief Executive Officer) Ms M Malan (Financial Director)
Registered office	Imbalie Beauty Boulevard Samrand Avenue Kosmosdal Ext 4 Centurion 0157
Postal address	PO Box 8833 Centurion 0046
Bankers	ABSA Bank Limted
Auditors	Nexia SAB&T Registered auditors
Secretary	iThemba Governance and Statutory Solutions (Pty) Ltd

WOUNDEDBUFFALO
COMMUNICATIONS AGENCY

Imbalie Beauty Limited
Imbalie Beauty Boulevard
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