LIVE • LIFE • BEAUTIFUL®

IMBALIE® BEAUTY

INTEGRATED ANNUAL REPORT 2019

Contents

The Leading And Most Desirable Beauty And Wellness Group

ABOUT IMBALIE BEAUTY

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Imbalie Beauty is a franchisor that markets and distributes its own and independent health and beauty brands to its own distribution footprint of more than 100 mainly franchised and owned beauty salons, independent beauty salons and selected pharmacies. It has three main salon brands namely Placecol Skin Care Clinic, Dream Nails Beauty and Perfect 10 Nail & Body Studio.

At Imbalie Beauty we are on a continuous journey to innovate, offer better marketing, pricing and support structures to our franchise partners.

Despite having brands and franchises that are both well-established and recognised in South Africa, Imbalie Beauty is acutely aware that its business journey towards success and sustainability is an ongoing one.

VISION AND MISSION

To be the leading and most desirable beauty and wellness group, Imbalie Beauty has identified the following business goals or objectives:

- to expand the support structure for franchise partners to ensure their sustainability and profitability;
- to attract and retain world-class managers and beauty therapists, nail technicians and hair stylists throughout the Imbalie Beauty group; and
- to consistently introduce innovative beauty products and services.

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

VALUES

We live our values of integrity, teamwork, responsibility, accountability and accuracy.

IMBALIE BEAUTY GUARANTEE

- A world-class structure to provide ongoing business and specialist marketing support.
- World-class systems, integrated with beauty gift cards and rewards programmes.
- Ongoing business and beauty training.
- Reputable products, technology and treatments.
- Continuous innovation and latest international beauty trends.

BUSINESS MODEL

IMBALIE BEAUTY

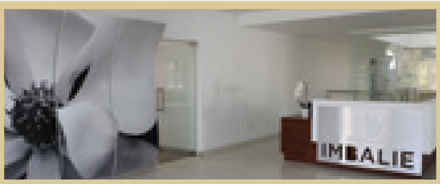
Placecol | Dream Nails Beauty | perfect10 | IMBALIE BEAUTY ACADEMY

SUPPORT STRUCTURE

IMBALIE BEAUTY

Giving the best support to our franchise group in the form of:

- **Education**
- **Marketing**
- **Customer Care**
- **Project Management**
- **Finance**
- **Distribution of Product**



IMBALIE BEAUTY ACADEMY

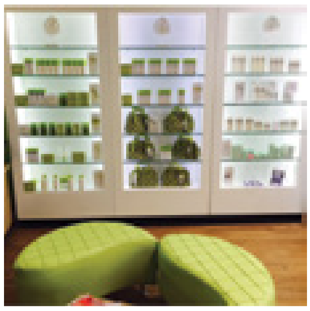
Imbalie Beauty Academy

The Imbalie Beauty Academy is ITEC and SETA Accredited.

The Imbalie Beauty Academy is built on the success and experience of the Imbalie Beauty Franchise Group. Imbalie Beauty's expertise in the industry offers students a refreshing one of a kind approach to starting or further developing their careers.

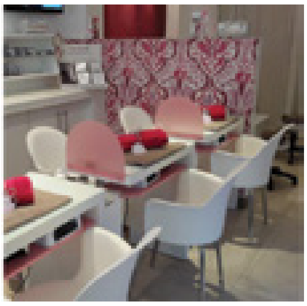
PLACECOL®

Placecol® is an authentic South African franchise brand offering, that is more than 39 years old. Our Placecol Skin Care Clinics use technology that is scientifically proven to be safe and effective that delivers visible results. The Placecol range of professional skin care products is award winning and of pharmaceutical grade, transforming and illuminating overall skin health.



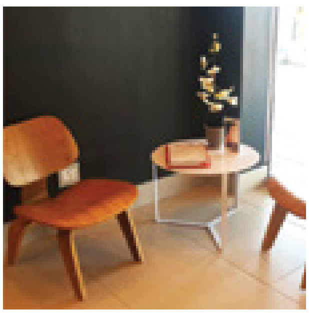
DREAM NAILS BEAUTY®

Dream Nails Beauty® is an original 34 year old beauty franchise brand, where true passion and dedication transformed this original nail and beauty leader into one of the most desirable beauty franchises today. Dream Nails Beauty is committed to deliver high quality beauty and nail enhancements, by using only leading nail brands in the industry ensuring that the highest of standards are maintained.



PERFECT 10®

The Perfect® 10 Nail and Body Studio brand is a 16 year old well recognised brand in South Africa. The brand radiates modern elegance. In July 2016 Imbalie Beauty launched Skinderm®, a scientifically formulated skin care range exclusive to its Perfect 10 franchise group.



BOARD OF DIRECTORS

BHEKI SHONGWE

Independent Non-Executive Chairman

Chairman of Remuneration Committee

Member of Nomination Committee

BA Economics and Accounting, MBA, FCIS, FCIBM

Mr Shongwe is Chairman of Flow Communications, Matsamo Capital, Compass Management Consultants and Deputy Chairman and non-executive director of Sabvest Limited where he also serves on the audit committee. He has 30 years business experience in finance, marketing, sales and general management and served on the boards of Evraz Highveld Steel and Vanadium for 19 years, 4 years of which was as chairman and served as a non-executive director of African Bank, African Bank Investments, Super Group, Air Traffic & Navigation Services, Peu Investment Group, Kaizer Chiefs, Alexkor and Primedia.

GARY HARLOW

Non-Executive Director

Member of Audit and Risk Committee

Member of Remuneration Committee

Chairman of Nomination Committee

BBusSci (Hons), FCMA, CGMA, CA(SA)

Mr Harlow was an adviser to the African National Congress and developed its Black Economic Empowerment strategy and was instrumental in the creation of Thebe Investment Corporation in 1992; South Africa's first broad-based black-owned company. He served as Joint Chief Executive Officer of Msele Corporate and Merchant Bank, South Africa's first black-controlled merchant bank and was appointed Group Chief Executive Officer of Unihold Limited in 1996, where he remains as Executive Chairman. He continues to serve on numerous private and public company boards and is Chairman of Newpark Reit Limited and various Unihold subsidiaries.

THEO SCHOEMAN

Independent Non-Executive Director

Chairman of the Audit and Risk Committee

Member of Remuneration Committee

Member of Nomination Committee

BCom (Computer Science), BCom Hons (CA) SA

Mr Schoeman has a corporate finance background and his wide business experience encompasses, inter alia, industry consolidations and the set-up of new businesses and listings. He received the "Centurion Businessman of the Year" award in 2005 and is currently the Chief Executive Officer of the Centurion Academy.

BOARD OF DIRECTORS (CONTINUED)

WESSEL VAN DER MERWE

Non-Executive Director

Member of the Audit and Risk Committee

Member of Remuneration Committee

Member of Nomination Committee

BCom Hons; CA (SA)

Mr van der Merwe has accumulated more than 20 years' experience in investment banking and corporate finance. He spent 3 years in investment banking at Gensec Bank and founded a corporate finance business and co-founded a JSE-Sponsor business with the most listings on the JSE AltX to date. He is experienced in all aspects of corporate finance but his specific skills lie in deal negotiations 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.

ESNA COLYN

Chief Executive Officer

BCom Hons; CA (SA)

Ms Colyn joined Imbalie Beauty in 2010 as the CEO of the Group after many years' experience in banking, private equity and corporate finance. She spearheaded the Perfect 10 franchise chain acquisition and completed the successful launch of the upgrade of the Placecol skin care range in 2015 and launched the Skinderm range into Imbalie Beauty's Perfect 10 franchise group. Both the Placecol skin care range and Skinderm are considered to be the best skin care ranges in South Africa.

RINA DE JAGER

Financial Director

BCom

Ms de Jager was previously Financial Manager at Famous Brands and Group Financial Manager at DairyBelle.

REPORT OF THE CHAIRMAN AND CEO

Background

Imbalie Beauty is a leading beauty and wellness group, its focus primarily on the development and transformation of people working in our franchise salon footprint ("salon footprint") through ongoing education and the development, growth and innovation of our own skin care product brands, being Placecol and Skinderm. The Placecol skin care brand turns forty in January 2020.

Imbalie Beauty has its own and franchise salon footprint through the following franchise salon chains: Placecol Skin Care Clinics, Perfect 10 and Dream Nails Beauty Salons. The Group's skin care brands are available to consumers in its own salon footprint, large retail groups, pharmacies, various independent salon outlets and on various on-line platforms.

The Group strengthened its strategic relationship with Edgars during the year and introduced its reformulated and upgraded award-winning Placecol skin care products into the large retailer, opening 43 new retail doors during the year. Prior to opening these retail doors, the Group successfully introduced Edcon's credit facilities into its beauty salon footprint to ensure that its salon footprint works in synergy with Edgars. This initiative differentiated the Group's salons from competitors and has had a positive impact on average ticket size achieved in the Group's beauty salons. Edcon has 3 million account card holders and this is expected to lead to growth in our salon customer base.

Future

The Board of Directors will actively pursue the successful conclusion of the disposal of its property to realise excess capital to settle expensive debt. The Company intends to apply for the lifting of its suspension after the issue of the Annual Financial Statements.

Furthermore, as part of the Group's commitment and vision to be the leading and most desirable beauty and wellness group, the Group has entered new sustainable distribution channels to increase product sales and overall awareness for the group's brands with customers. The Group will continue to keep its overheads low to ensure profitability and sustainability.

The Group has concluded training to its entire salon footprint during April and May 2019 to improve overall service delivery excellence levels to customers.

The Group has during May 2019 launched a "wellness concept" into its salon footprint in order to attract new customers into its salon footprint. The upgrade of the Group's Rewards Programme Communication bodes well to improve overall communication to existing customers.

A new digital awareness campaign will be launched in June 2019 to attract new customers into our beautiful salon brands. As part of our ongoing commitment to innovation the group will in June 2019 launch four products in the Placecol skin care range which are earmarked as our superior solution to address primary skin care concerns on a biological level.

Appreciation

The directors would like to thank our non-executive directors for their valuable input during a challenging year, our team, franchise partners, customers, strategic partners and suppliers for their business during the year.

Bheki Shongwe
Chairman of the Board

Esna Colyn
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

BACKGROUND

The Committee presents its report for the financial year ended 28 February 2019 as recommended by the King IV report on Corporate Governance and in line with the Companies Act, 2008 (Act 71 of 2008) ("the Companies Act").

OBJECTIVE AND SCOPE

The overall objectives of the Committee are as follows:

- Reviewed, considered and took appropriate action in relation to a letter from the JSE on 20 February 2018 in connection with proactive monitoring;
- Continue to monitor and assess the effectiveness of Group financial reporting and internal financial controls;
- 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 to Imbalie Beauty Limited is suitable for inclusion in its consolidated financial statements;
- To annually assess the appointment of the external auditors and their independence, recommend their 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; and
- To perform duties that are attributed to it by the Act, the JSE and King IV.
- 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 provided was not such that they could be seen to have impaired their independence; and

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 2019; and
- the interim results for the six months ended 31 August 2018.
- 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 was comprised solely of independent non-executive directors. They are Theo Schoeman (Independent Chairman), Gary Harlow and Wessel van der Merwe.

EXTERNAL AUDIT

The Committee has satisfied itself through enquiry that the auditor 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 2019 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 assessed the suitability of the re-appointment of Nexia SAB&T and the designated individual partner, by considering the information provided by Nexia SAB&T as required per paragraph 22.15(h) of the JSE Listing Requirements. The Committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, Nexia SAB&T, as the external auditor for the 2020 financial year.

ANNUAL FINANCIAL STATEMENTS

The Audit Committee has evaluated the consolidated annual financial statements for the year 28 February 2019 and considers that they comply, 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, has taken appropriate steps to ensure that the Company had processes in place to comply fully with the Companies Act, before the conclusion of the financial year ended 28 February 2019.

Theo Schoeman
Audit and Risk Committee Chairman

Corporate Governance

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board includes both executive and non-executive directors, in order to maintain a balance of power and to ensure that independent unbiased decisions are made.

The Board of Directors oversees the governance of Imbalie Beauty, in accordance with the principles set out in the Companies Act and the King IV Report. The Board is committed to best practice principles that include ethical fairness, accountability, transparency and social development. The Board is the highest governing authority of the Company.

The Board Charter outlines its objectives and responsibilities.

The Sub-Committees operate in accordance with written terms of reference, which are reviewed annually 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 judgments are made with reasonable care, skill and diligence.

Non-executive directors are expected to contribute an 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 Memorandum of Incorporation (MOI) the number of directors shall not be less than four. The Board comprises of six directors of whom two are executive directors, two are independent non-executive directors and two are non-executive directors.

Responsibilities of the Board

The duties and responsibilities of the Company's Board are clearly defined in the approved Board Charter and MOI.

The Board is responsible for effective control over the affairs of the Company and provides strategic direction to management. The Board monitors the performance of management through the Audit and Risk-, Social and Ethics-, Remuneration- and Nominations Committees.

With advice from the Nominations Committee, the Board ensures that competent candidates with the relevant expertise are elected as non-executive directors. The Board remains under constant review to ensure the optimum mix of skills and experience to maintain balance in terms of the independence of directors. The Board has the responsibility of reviewing and adopting the terms of reference of its Sub- Committees.

The Board is committed to operating within the highest standards of professional ethics by ensuring that all material and potential conflicts of interests between a director and the Company are declared and recorded and, where necessary, a material or potential conflict is addressed according to the provisions of the Companies Act. These matters are also reported to shareholders at annual general meetings.

The executive directors' service contracts may be terminated with three months' notice. The CEO has the responsibility of managing the Group's daily affairs. The Board is kept informed of all developments in the Company through the executive directors and the company secretary.

Board Composition

BJT Shongwe - Independent Non-Executive Chairman

TJ Schoeman - Independent Non-Executive Director

GD Harlow - Non-Executive Director

E Colyn - Executive Director: CEO

CW de Jager - Executive Director: Finance

WP Van Der Merwe - Non-Executive Director

The Board meets a minimum of three times a year, with additional meetings as and when required. Material decisions may be taken between meetings. The non-executive directors are provided with comprehensive information necessary to discharge their responsibilities, individually and as a Board and, in certain instances, as Board Committee members. Application of the King IV Report within Imbalie Beauty Limited can be found on our website: www.imbaliebeauty.co.za.

With combined experience ranging from retail and commercial experience to cultural and gender diversity, business experience and length of service, the Board is well positioned to continue to add value to the business. Imbalie Beauty's aim is to meet its gender equality target of appointing 30% of women to independent non-executive director positions and its race diversity target of appointing at least 30% African and Coloured candidates to non-executive director positions. The Board aims to improve its composition to reflect the appropriate mix of knowledge, skills, experience, diversity and independence.

Attendance table of Board meetings during the financial year ended 28 February 2019

	2018							
Member	**8 Mar**	**17 Apr**	**29 May**	**15 Jun**	**22 Jun**	**28 Jun**	**16 Aug**	**8 Nov**
BJT Shongwe	√	√	√		√	√	√	√
E Colyn	√	√		√	√	√	√	√
CW de Jager							√	√
GD Harlow	√	√	√	√		√	√	√
TJ Schoeman	√	√	√	√	√	√	√	√
WP van der Merwe	√	√		√	√	√	√	√

BOARD CHARTER

The Board continues to implement its Charter, the objective is to assist the Board and management in carrying out their functions as prescribed by the JSE Listings Requirements, Companies Act and the King IV Report. The Board Charter provides the terms of reference of the Board and its Committees including the description of their roles, duties and powers to ensure that stewardship is exercised at all times and uphold the highest degree of ethics in all forms of conduct.

The Board Charter details and governs the manner in which the business is to be conducted by the Board in accordance with the principles of sound corporate governance. The Charter is reviewed annually and amended when necessary by the Board ensuring that the Charter remains relevant, incorporates best practices and aims to achieve high levels of good governance. The Charter regulates and deals with, inter alia:

- Board leadership and defines the separate responsibilities of the Chairman and the CEO;
- procedures, pre-requisites and competencies for membership, size and composition of the Board, period of office, reward, induction and succession planning;
- procedures for Board meetings, frequency, quorum, agendas, Board papers, conflicts of interest and minutes;
- retain full and effective control of the Group;
- review and approve corporate strategy;
- approve and oversee major capital expenditure;
- review and approve annual budgets and business plans;
- monitor operational performance and management;
- determine the Group's purpose and values;
- ensures that the Group complies with sound codes of business behaviour;
- ensures that appropriate control systems are in place for the proper management of risk, financial control and compliance with all laws and regulations;
- appointment of the CEO and ensure proper succession planning for executive management;
- regularly identify and monitor key risk areas and the management thereof; and
- oversees 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 program 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.

COMPANY SECRETARY

The Board has the responsibility of appointing and removing the Company Secretary. The Board is satisfied that Paige Atkins is competent to fulfil the Company Secretariat function as is formally reviewed every two years. The Company Secretary is independent and is not a related party in the Group.

The Company Secretary is fully empowered by the Board to perform the function and reports directly to the Independent Non-Executive Chairman. Amongst other duties, the Company Secretary ensures that the Company adheres to all legislative, regulatory and shareholder requirements by advising the Board on all legislation and governance issues affecting the Company, assisting the directors in execution of their duty of care, skill and diligence. The Board members have unrestricted access to the advice and guidance of the Company Secretary. The Company Secretary has an independent 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 shareholder approval. All non-executive directors are subject to retirement and re-election by shareholders every second year. The Board, assisted by the Nominations Committee, recommends the eligibility of the retiring director (subject to availability and his/ her contribution to the business) for re-appointment. The directors retiring by rotation at the forthcoming annual general meeting are Messrs GD Harlow and BJT Shongwe.

REMUNERATION

Details of directors' fees and remuneration are fully disclosed in the Annual Financial Statements. Furthermore, the projected 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 a fee which 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 part of the management team as recommended by the Remuneration and Nominations Committee is fully disclosed in the financial statements.

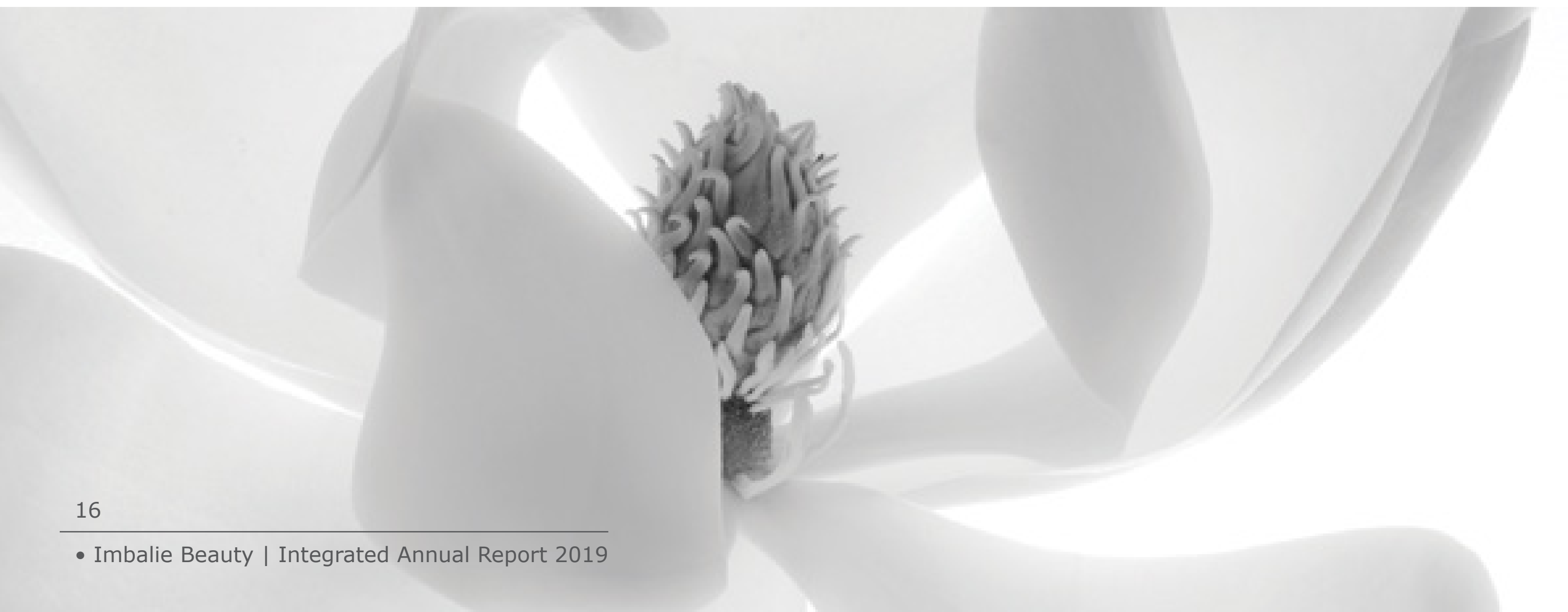
MONITORING OF PERFORMANCE

The Nominations Committee assists in the appointment of the Chairman of the Board.

The independence of non-executive directors is assessed by the Nominations Committee every two years; a detailed self-assessment of the performance of the Board and its sub-Committees was conducted in line with the latest recommendations by the King IV Report; the results of which were reported in the 2018 annual report. The assessments found the structures and processes governing the Board and its Committees were well-established and functioning satisfactorily. Moreover, the Board had fulfilled its roles and responsibilities and had discharged its obligations to the Company, shareholders and other stakeholders in an acceptable manner.

BOARD COMMITTEES

The Board has established a number of standing Committees. 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 final responsibility for their activities. The Chairman of the Committee should be 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 with best practice. The Board has the responsibility of appointing the Chairman and the members of each Committee. In addition, performance evaluations of the Committees is conducted on an annual basis, the respective findings are reported to the Board for consideration. The Board Committees comprise of Audit and Risk-, Remuneration-, Nominations- and Social and Ethics Committees.



AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is a statutory Committee established in accordance with the guidelines in the JSE Listings Requirements, the King IV Report and the Companies Act. The Committee composition is as follows:

Mr TJ Schoeman - Chairman

Mr GD Harlow - Non-Executive Director

Mr WP van der Merwe - Non-Executive Director

The Board is satisfied that the members meet the definition of non-executive directors, acting independently, as defined in the Companies Act. The Committee is satisfied that the responsibilities as stated in the terms of reference have been fulfilled. The terms of reference for the Committee intend to ensure compliance with governance recommendations and statutory requirements.

The Board believes that the members collectively possess the knowledge and experience to exercise oversight of the Company's financial management, external auditors, the quality of financial controls, the preparation and evaluation of financial statements and financial reporting.

In order to manage the risk of business failure and to provide reasonable assurance against such, the Board has established and maintains internal controls and procedures, which are reviewed on a regular basis. However, this is not a guarantee that such risks are eliminated.

The Committee is responsible for the following:

- Incorporating annual financial statements, interim reports, preliminary or provisional result announcements;
- Reviewing and recommendation of the annual financial statements to the Board for approval;
- Completion of the integrated report and recommends it to the Board for approval;
- Monitor significant judgments and reporting decisions affecting the integrated report made by management;
- Makes a statement on the going concern status of the Company;
- Reviews 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;
- Ensures that the Company carries out its responsibilities as they relate to financial and risk management and other reporting practices;
- Provides strategic guidance and assistance with regards to accounting policies and procedures, internal controls and management of risks;
- Monitoring of the risk management policy and plan and compliance with laws, regulations and ethics;
- Ensures risk management assessments are performed annually;
- Oversees the external audit processes;
- Evaluates the performance of the Financial Director;
- Govern information technology and the effectiveness of the Company's information systems;
- Facilitates 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;
- Recommends the appointment of a firm of external auditors to the Board who in turn will recommend the appointment to the shareholders;
- Determines that the designated appointee has the necessary experience, qualifications and skills and that the audit fee is adequate;
- Satisfies itself as to the appropriateness of the experience and expertise of the Financial Director as required in terms of the JSE Listings Requirements; and
- Reports to the Board and shareholders on how it has discharged its duty.

Attendance table of Audit and Risk Committee Meetings during the financial year ended 28 February 2019

	2018		
Member	**8 Mar**	**29 May**	**28 Jun**
GD Harlow	√	√	√
TJ Schoeman	√	√	√
WP van der Merwe	√		√

NOMINATIONS COMMITTEE

The Nominations Committee ensures that the Company's nomination philosophy supports the strategic objectives of the Group. The Nominations Committee composition is as follows:

Mr GD Harlow - Chairman

Mr TJ Schoeman - Independent Non-Executive Director

Mr BJT Shongwe - Independent Non-Executive Director

Mr WP van der Merwe - Non-Executive Director

The Committee has the responsibility of:

- assisting the Board in the nomination of new Board candidates; and
- ensuring regular assessment of Board performance.
- The Company has implemented a gender and race diversity policy.

RENUMERATION COMMITTEE

The Remuneration Committee ensures that the Company's remuneration philosophy supports the strategic objectives of the Group. The Remuneration Committee composition is as follows:

Mr BJT Shongwe - Chairman

Mr TJ Schoeman - Independent Non-Executive Director

Mr GD Harlow - Non-Executive Director

Mr WP van der Merwe - Non-Executive Director

The Committee has the responsibility of:

- assisting the Board in formulating remuneration and other employment policies;
- formulating remuneration philosophy of the Company; and
- structuring appropriate remuneration packages for executive directors, based on industry standards and the best interests of all parties concerned;
- The Chairman of the Board acts as Chairman of the Remuneration Committee. The salary structure is in accordance with the Company's overall reward philosophy and is designed to:
- enable the Company to attract, retain and motivate the right calibre of individuals so as to ensure that a consistent and high level of performance is achieved;
- provide guidelines so that decisions are made timeously with confidence and integrity;
- maintain fair, consistent and equitable total remuneration practices in alignment with the Company's core values;
- foster individual development and teamwork;
- encourage internal development of talent; and
- re-enforce roles and accountabilities.

The remuneration philosophy also records the measures the board will adopt in the event that either the remuneration philosophy or the implementation report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the company will, in its announcement of the resolutions of the AGM, provide dissenting shareholders with information as to how to engage with the Company in this regard to this matter and the timing of such engagement.

SOCIAL AND ETHICS COMMITTEE

This Committee fulfils the statutory duties of the Social and Ethics Committee as required in terms of section 72 of the Companies Act and regulation 43 of the Companies Regulations. As such, the Social and Ethics Committee complies with the legislated membership and mandate requirements. The Social and Ethics Committee is governed by a formal Charter, which is aligned to the King IV principles and the Companies Act. The Committee's terms of reference are reviewed and amended by the Board on an annual basis to ensure compliance with regulatory changes and best practice. The Committee has the responsibility of ensuring that the Company:

- Discharges its statutory duties in respect of section 72 of the Companies Act dealing with the structure and composition of Board sub-Committees;
- Upholds the goals of the Organisation of Economic Cooperation and Development (OECD) recommendations regarding corruption;
- Complies with the Employment Equity Act (as amended) and the Broad-Based Black Economic Empowerment Act (as amended);

- Directors and staff comply with the Company's Code of Ethics;
- Practices labour and employment policies that comply with the terms of the International Labour Organization (ILO) protocol on decent work and working conditions;
- Ensures the continued training and skills development of its employees; and
- 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.

The Committee evaluates its performance and effectiveness as part of the formal Board evaluation process every two years through self-evaluation questionnaires. Based on the evaluation results, the Committee and Board believe that the Social and Ethics Committee functions effectively and complies with its terms of reference.

The Social and Ethics Committee composition is a follows:

Ms E Colyn - Chief Executive Officer

Ms CW de Jager – Finance Director

Mr WP van der Merwe - Non Executive Director

CLOSED PERIODS

The Company complies with the JSE Listings Requirements as far as closed periods are concerned and a specific policy has been approved to address the procedures in respect of the trading in the Company's shares by directors of the listed entity and its major subsidiaries. Closed periods commence on 31 August and 28 February, being the commencement of interim and year-end reporting dates, up to the date of announcement of the results and include any other period during which the Company is trading under cautionary announcement.

STAKEHOLDER COMMUNICATION

The Board recognises its duty to present a balanced and understandable assessment of the Company's position in reporting to stakeholders. Proactive communication with stakeholders addresses material matters of significant interest to shareholders and other stakeholders. The quality of information is based on the guidelines of promptness, relevance and transparency.

Investor road shows, presentations and formal announcements are all used to communicate with the market. Shareholders are also encouraged to attend the Company's annual general meeting and to make use of this opportunity to engage with the directors on matters concerning the affairs of the Group.

CODE OF CONDUCT

The Company's code of ethics requires all executives and employees to maintain the highest ethical standards. An anonymous whistleblowing facility allows for any unethical, fraudulent or dishonest behaviour to be reported. During the year no reports were received through this facility. The Company takes ethical behaviour across all its operations very seriously and aims to create an environment where open communication is encouraged.

The Company and its subsidiaries have not entered into any restrictive funding arrangements during the period under review. The Company and its subsidiaries have not repurchased any of its own shares during the period under review.

SOCIAL RESPONSIBILITY

Any organisation is reliant on its employees, community and environment to make it successful. At Imbalie Beauty we strive to manage these relationships to produce an overall positive impact on society and to make a positive change in the world through improvement and empowerment, and by increasing the esteem of our customers.

Imbalie Beauty ensures its social sustainability by focusing on the following prominent factors:

- Employee welfare
- Labour practices and decent work environment
- Human rights
- Community welfare
- The environment

EMPLOYEE WELFARE

At Imbalie Beauty we strive to keep our employees happy, as they are our beauty force, focus on our values and on achieving results. We value employee participation, we allow room for growth and promotion within and contribute to educational growth opportunities. We strive to make a positive change in their lives, so they can help us achieve our goals. We strive to make our employees happy by taking the following measures:

LABOUR PRACTICES AND DECENT WORK ENVIRONMENT EMPLOYMENT:

The Imbalie Beauty Group has less than 50 employees spread throughout South Africa. All full-time employees have access to a pension fund and medical aid. Imbalie has partnered with Attooh since 2012 to improve our employee welfare, our pension fund benefits are tailor-made for our business in empowering our staff.

Occupational health and safety:

Imbalie Beauty complies with the regulatory requirements of employment and labour law for South African companies in terms of the International Labour Organisation Protocol on decent work and working conditions.

Training and education:

Imbalie Beauty recognises the importance of ongoing development and training of its staff and continuously sends staff for training such as; VIP, HeadStart, Pastel, etc. Employees that show initiative and a passion for growth and development into a certain department are granted opportunities where Imbalie Beauty funds their studies in return for signing a working agreement for a certain period of time, or alternatively funding the course and making deductions from their salary on a month to month basis. For beauty therapists, nail technicians and franchisees the Company offers continuous training at our in-house training facility based in Woodmead. Imbalie also launched its own Training Academy which offers world class modular courses that is ITEC accredited. Our Training Academy is the key to staff retention and empowering staff within our organisation.

HUMAN RIGHTS

Imbalie Beauty ensures it is compliant in terms of the Human Rights Principles, as set out by the United Nations Global Compact Principles. Imbalie Beauty supports and respects the protection of internationally proclaimed human rights. In future Imbalie Beauty will develop an explicit Company policy on human rights and provide effective training for its managers and staff in international human rights and standards. Imbalie Beauty is not complicit in human rights abuse and endeavours to ensure that all suppliers that are used are not in any way complicit in human rights abuses and if any are, to sever all ties with them and report them to the authorities.

COMMUNITY WELFARE

Imbalie Beauty launched its Beauty Academy in March 2016 to offer world class, modular coursed at affordable prices to the community. Our main benefit to the community is equipping first time employees and seasonal employees with the training, skills and confidence which provide an excellent foundation for future opportunities in the beauty industry. The Imbalie Beauty Group also provides work opportunities by displacing the successful student within our salons' workforce. Imbalie Beauty invests in the community by making a positive change in the world while working on achieving business goals. Imbalie Beauty invests in the community through the following actions:

Imbalie Beauty Training Academy Learnership Programme:

The "Social Makeover" project has supported 20 women from Mitchel's Plain in transforming their lives and futures. These 20 women have completed an intensive 10 week personal development and empowerment programme, in addition to this; the women have completed a highly international acclaimed course in nail therapy run by Imbalie Training Academy. The "Social Makeover" project places these women in permanent employment in areas best suited for each woman. This project has transformed their lives making them more confident, resilient and self-sufficient.

Reach for a Dream:

Reach for a Dream approached Imbalie Beauty to be part of their "Queen for a day" campaign for 2016. This project is to treat brave little girls to a day out of their hospital environment and crown them queen for a day. Each girl is made to feel special and beautiful to ease the effect of their illnesses on their bodies and more importantly, their self-esteem.

67 Minutes for Mandela Day:

In celebration of Nelson Mandela Day, The "Social Makeover" project supported by The Western Cape Department of Social Development, The Imbalie Training Academy and Old Mutual has dedicated time to pampering elderly women and care givers from the Mitchel's Plain community with manicures. Our aim was to pamper 67 women for 67 minutes. We invited 67 women - all amazing mothers, sisters and friends who do not often get a chance to pamper themselves. These women include elderly women from the local Frail Care Centre as well as caregivers and house mothers from child care centres and orphanages in Mitchel's Plain. All these women were pampered, loved and appreciated.

Dignity Dreams:

Dignity Dreams is a registered NPO that has identified a definite need for underprivileged girls. They have created a solution which manufactures Dignity Dreams Packs which provide re-usable, washable sanitary wear that is SABS absorbency approved and re-usable for up to five years. Having access to beautiful, feminine, washable pads has significantly reduced the occurrence of infections, increased attendance at school and/or work and restored a measure of dignity. Imbalie Beauty's mission is aligned with the mission of Dignity Dreams to make a positive change in the world and empower women.

THE ENVIRONMENT

At Imbalie Beauty we strive to be sustainable in terms of reducing our impact on the environment and focusing on a total green environment. We strive to create a working environment where our employees focus on saving paper, recycling and minimising electricity usage and to be a completely paperless company in the near future.

Materials, services and products:

The materials used within the skin care ranges or services offered are not harmful to the environment or to the consumer and are in no way tested on animals. The formulas are scientifically developed and consumer orientated to ensure outcomes as stipulated and desired for each different product. Imbalie Beauty brands are cruelty free.

Water: Each individual is aware of his/her responsibility to save water and not waste this valuable resource. The Imbalie Beauty EXCO has launched a head office campaign to improve overall business acumen, to train everyone to be aware of their individual usage of electricity, water and paper etc. This will not only help generate profits but also assist with Imbalie Beauty's initiative to start "going green". Imbalie Beauty ensures it is compliant in terms of the environment principles, as set out by the United Nations Global Compact Principles. Imbalie Beauty will in future endeavour to develop a code of conduct or practice for its operations and products that confirm commitment to care for health and the environment. Imbalie Beauty endeavours to work with suppliers to improve environmental performance, extending responsibility up the product chain and down the supply chain and co-operating with industry partners to ensure that use of environmentally sound technologies is implemented. To conclude, Imbalie Beauty is aware that social sustainability is an ongoing process, and is constantly monitoring and assessing the impact of the business activity on social and environmental ecosystems, to ensure we are reaching our business goals.

Contents

Preparer

Esna Colyn CEO

Published

5 July 2019

Annual Financial Statements

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa 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 light of this review and the current financial position, while management is aware of the cash-flow pressures and significant liquidity uncertainty after year-end, they continue to assess the situation as one whereby the Group is able to service its debts that will become due in the next 12 months and also fund operational losses that may arise. Management has developed and is in the process of a strategy to address the liquidity and cash flow constraints. The ability of the Group to fund short term operations in the foreseeable future is largely dependent on the ability of the directors to arrange for working capital funding through the disposal of the building currently owned. The implementation of the above-mentioned interventions will improve and address the liquidity and the cash flow position of the Group over the next 12 months.

The external auditors are responsible for independently auditing 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 pages 28 to 31.

The annual financial statements set out on pages 23 to 75, which have been prepared on the going concern basis, were approved by the board of directors on 5 July 2019 and were signed on their behalf by:

Ms E Colyn (Chief Executive Officer)

DECLARATION BY THE COMPANY SECRETARY

In terms of Section 88(e) of the Companies Act No 71 of 2008, as amended (Companies Act), I, Paige Atkins, in my capacity as Company Secretary of Imbalie Beauty Limited, confirm that, to the best of my knowledge and belief, in respect of the year under review, Imbalie Beauty Limited has filed with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices appear to be true, correct and up-to-date.

On behalf of the Board

PAIGE ATKINS

Company Secretary

5 July 2019

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Imbalie Beauty Limited and its subsidiaries and the group for the year ended 28 February 2019.

1. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated annual financial statements.

2. Share capital

Refer to note 13 of the consolidated annual financial statements for detail of the movement in authorised and issued share capital.

3. Dividends

The Group will not pay a dividend for the financial year.

4. Directorate

The directors of the company are as follows:

- Mr BJT Shongwe (Non-executive Chairman of the Board, Chairman of the Remuneration Committee)
- Mr GD Harlow (Non-executive, Chairman of the Nominations Committee)
- Mr TJ Schoeman (Non- executive, Chairman of the Audit and Risk Committee)
- Mr WP van der Merwe's (Non- executive)
- Ms E Colyn (Chief Executive Officer)
- Ms CW de Jager (Financial Director)

Various changes have occurred to the board during year. Further details of these changes are included below.

- Mrs Debbie Wolfendale resigned on 1 March 2018.
- Mr Brent Kairuz was appointed on 22 February 2018 and resigned on 29 May 2018.
- Mr Jaques Rossouw resigned on 7 May 2018.
- Ms Daleen Oosthuizen was appointed on 7 May 2018 and resigned on 8 June 2018.
- Ms Rina de Jager was appointed on 8 June 2018.
- No board changes have occurred to the board subsequent to year end.

5. Directors' interests in company shares

The Group has no share incentive policy in place.

The following directors of the company held direct or indirect interests in the issued share capital of the company at 28 February 2019:

- Mr WP van der Merwe
- Ms E Colyn
- Mr TJ Schoeman
- Mr GD Harlow

The register of interests of directors and others in shares of the company is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

5. Directors' interests in company shares

	2018	**2019**
Mr WP van der Merwe	310 210 330	**341 169 447**
Ms E Colyn	57 000 000	**57 000 000**
Mr TJ Schoeman	77 500	**77 500**
Mr GD Harlow	144 791 667	**144 791 667**

6. Non-current assets

There was no significant changes in non-current assets during the financial year under review other than those disclosed in the notes to the financial statements.

7. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the consolidated annual financial statements in notes 6.

8. Borrowing and 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.

9. Events after the reporting period

Refer to note 28 for details of subsequent events.

10. Going concern

The financial statements have been prepared based on 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.

As the current liabilities exceed the current assets by R7.8 million, a material uncertainty exists regarding the liquidity position of the Group. In order to address this position, the Group has entered into plans to dispose of its property during the next financial year. The disposal will release sufficient working capital to ensure the company remains liquid and sufficient cash flows exists to cover payables on an operational level.

11. Auditors

Nexia SAB&T continued in office as auditors for the company and its subsidiaries for 2019.

At the AGM, the shareholders will be requested to reappoint Nexia SAB&T as the independent external auditors of the company and to confirm T.J. de Kock as the designated lead audit partner for the 2020 financial year.

12. Secretary

The company secretary is Ms Paige Atkins.

Postal address
P.O. Box 3484, Rivonia, 2128, Gauteng

13. Financial statements

The annual results and financial position of the group and company is set out on pages 23 to 75.

The audited financial statements that have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), the Financial Reporting Guides issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants, Listings Requirements of the JSE Limited (JSE) and the Companies Act and remain consistent with those applied in the prior years.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Imbalie Beauty Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Imbalie Beauty Limited and its subsidiaries (the Group), which comprise the consolidated and separate statement of financial position as at 28 February 2019, and the consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to the statement of going concern paragraph included in note 27 to the consolidated and separate financial statements. The ability of the Group to fund short term operations in the foreseeable future is largely dependent on the ability of the directors to arrange for working capital funding through the disposal of the building currently owned, as more fully described in the note pertaining to going concern. As stated in note 27, these events or conditions, along with other matters as set forth in note 27 to the consolidated and separate financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of goodwill and intangibles assets with an indefinite useful life (Group)	
Under IFRSs, the Group is required to annually test for impairment of the amount of goodwill and intangibles assets with an indefinite useful life as disclosed in note 4 and 5 to the consolidated and separate financial statements. This impairment test was significant to our audit because the balance of R3.5 million (2018: R3.5 million) and R11.9 million (2018: R11.9million) as of 28 February 2019 is material to the consolidated and separate financial statements. In addition, management's assessment process is complex and highly judgmental and is based on assumptions, specifically relating to the growth rate, operating margins, and discount rate, which are affected by expected future market or economic conditions.	We focused our testing of the impairment of goodwill and indefinite useful life intangible assets on the key assumptions made by the directors. Our procedures included: Using the knowledge of senior personnel and industry specific resources to assist us in evaluating the assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue growth, discount factor applied and profit margins for the related cash generating units. Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the cash generating unit to which the goodwill and indefinite useful life intangible assets relate; Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reasonableness of the directors' projections; Evaluating the inputs used by the directors in determining the discount rate against independent sources. We found the assumptions used by the directors to be appropriate based on historical performance, future outlook and current circumstances. We considered the goodwill and indefinite life intangible assets disclosures to be appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Imbalie Beauty Limited Integrated Annual Report 2019" and in the document titled "Imbalie Beauty Limited Annual Financial Statements for the year ended 28 February 2019", which includes the Directors' Report, the Audit Committee's Report, integrated report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Nexia SAB&T has been the auditor of Imbalie Beauty Limited for 9 years.

Nexia SAB&T

Nexia SAB&T

Director: T.J. de Kock

Registered Auditor

5 July 2019

119 Witch-Hazel Avenue, Highveld Technopark, Centurion

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019

		Group		Company	
Figures in Rand	Note(s)	2019	2018	2019	2018
Assets					
Non-Current Assets					
Property, plant and equipment	3	16 142 642	16 720 239	-	-
Goodwill	4	3 559 644	3 559 644	-	-
Intangible assets	5	13 905 115	14 312 256	31 788	41 902
Investments in subsidiaries	6	-	-	11 163 951	11 163 951
Other financial assets	7	476 263	342 055	-	-
Deferred tax	8	23 985 296	22 293 931	1 279 739	1 705 874
		58 068 960	**57 228 125**	**12 475 478**	**12 911 727**
Current Assets					
Inventories	9	5 900 871	8 013 902	-	-
Loans to group companies	10	-	-	5 873 037	-
Trade and other receivables	11	7 389 316	11 935 985	100 000	-
Other financial assets	7	713 759	843 409	-	-
Cash and cash equivalents	12	130 736	1 422 528	19 341	1 126 269
		14 134 682	**22 215 824**	**5 992 378**	**1 126 269**
Total Assets		**72 203 642**	**79 443 949**	**18 467 856**	**14 037 996**
Equity and Liabilities					
Equity					
Share capital	13	113 732 451	110 415 970	113 732 451	110 415 970
Revaluation reserve	14	1 033 854	811 246	-	-
Accumulated loss		(72 871 272)	(69 575 442)	(95 274 596)	(96 377 974)
		41 895 033	**41 651 774**	**18 457 855**	**14 037 996**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	15	7 807 631	9 732 144	-	-
Deferred tax	8	478 727	335 031	-	-
		8 286 358	**10 067 175**	**-**	**-**
Current Liabilities					
Trade and other payables	16	10 262 518	13 056 423	10 000	-
Other financial liabilities	15	7 583 371	9 098 425	-	-
Operating lease liability		239 746	184 959	-	-
Bank overdraft	12	3 936 616	5 385 193	-	-
		22 022 251	**27 725 000**	**10 000**	**-**
Total Liabilities		**30 308 609**	**37 792 175**	**10 000**	**-**
Total Equity and Liabilities		**72 203 642**	**79 443 949**	**18 467 855**	**14 037 996**

STATEMENT OF COMPREHENSIVE INCOME/(LOSS)
FOR THE YEAR ENDED 28 FEBRUARY 2019

		Group		Company	
Figures in Rand	Note(s)	**2019**	2018	**2019**	2018
Revenue	17	41 809 098	61 290 932	1 920 000	1 920 000
Cost of sales		(16 097 904)	(26 271 958)	-	-
Gross profit		**25 711 194**	**35 018 974**	**1 920 000**	**1 920 000**
Other income		2 822 472	1 963 498	-	-
Operating expenses		(31 204 803)	(68 315 027)	(390 500)	(86 128 248)
Operating (loss) profit	18	**(2 671 137)**	**(31 332 555)**	**1 529 500**	**(84 208 248)**
Investment income		117 190	842	13	-
Finance costs	19	(2 396 851)	(2 252 907)	-	(1 143)
(Loss) profit before taxation		**(4 950 798)**	**(33 584 620)**	**1 529 513**	**(84 209 391)**
Taxation	20	1 654 967	6 605 365	(426 135)	(214 656)
(Loss) profit for the year		**(3 295 831)**	**(26 979 255)**	**1 103 378**	**(84 424 047)**
Items that will not be reclassified to profit or loss:					
Revaluation of building		300 000	1 000 000	-	-
Income tax effect of revaluation of building and realisation through use		(77 392)	(274 791)	-	-
Total comprehensive (loss) income for the year		**(3 073 223)**	**(26 254 046)**	**1 103 378**	**(84 424 047)**
Basic and diluted loss per share (cents)	21	**(0.24)**	**(4.24)**	**-**	**-**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2019

Figures in Rand	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	**Total equity**
Group						
Balance at 01 March 2017	**52 043 947**	**46 206 337**	**98 250 284**	**86 037**	**(42 596 186)**	**55 740 135**
Loss for the year	-	-	-	-	(26 979 255)	(26 979 255)
Other comprehensive income	-	-	-	725 209	-	725 209
Total comprehensive Loss for the year	**-**	**-**	**-**	**725 209**	**(26 979 255)**	**(26 254 046)**
Issue of shares	57 584	12 108 102	12 165 686	-	-	12 165 686
Balance at 01 March 2018	**52 101 531**	**58 314 439**	**110 415 970**	**811 246**	**(69 575 442)**	**41 651 774**
Loss for the year	-	-	-	-	(3 295 831)	(3 295 831)
Other comprehensive income	-	-	-	222 608	-	222 608
Total comprehensive Loss for the year	**-**	**-**	**-**	**222 608**	**(3 295 831)**	**(3 073 223)**
Issue of shares	17 832	3 298 649	3 316 481	-	-	3 316 481
Balance at 28 February 2019	**52 119 363**	**61 613 088**	**113 732 451**	**1 033 854**	**(72 871 272)**	**41 895 033**
Note(s)	13	13	13	14		

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2019 (CONTINUED)

Figures in Rand	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	**Total equity**
Company						
Balance at 01 March 2017	**52 043 947**	**46 206 337**	**98 250 284**	**-**	**(11 953 927)**	**86 296 357**
Loss for the year	-	-	-	-	(84 424 047)	(84 424 047)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(84 424 047)**	**(84 424 047)**
Issue of shares	57 584	12 108 102	12 165 686	-	-	12 165 686
Balance at 01 March 2018	**52 101 531**	**58 314 439**	**110 415 970**	**-**	**(96 377 974)**	**14 037 996**
Profit for the year	-	-	-	-	1 103 378	1 103 378
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1 103 378**	**1 103 378**
Issue of shares	17 832	3 298 649	3 316 481	-	-	3 316 481
Balance at 28 February 2019	**52 119 363**	**61 613 088**	**113 732 451**	**-**	**(95 274 596)**	**18 457 855**
Note(s)	13	13	13	14		

STATEMENT OF CASH FLOWS
AS AT 28 FEBRUARY 2019

		Group		Company	
Figures in Rand	Note(s)	**2019**	2018	**2019**	2018
Cash flows from operating activities					
Cash generated from/(used in) operations	22	2 534 492	(3 736 252)	1 449 614	736 257
Investment income		117 190	842	13	-
Finance costs		(2 396 851)	(2 252 907)	-	(1 143)
Net cash from operating activities		**254 831**	**(5 988 317)**	**1 449 627**	**735 114**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(18 974)	(529 330)	-	-
Proceed on disposal of property, plant and equipment	3	58 555	64 180	-	-
Purchase of intangible assets	5	(9 984)	-	-	-
Loans advanced to group companies		-	-	(5 873 036)	(11 775 559)
Proceeds from other financial assets		392 506	19 922	-	-
Advance of other financial liabilities		(397 064)	-	-	-
Net cash from investing activities		**25 039**	**(445 238)**	**(5 873 036)**	**(11 775 559)**
Cash flows from financing activities					
Proceeds on share issue	13	3 316 481	12 165 686	3 316 481	12 165 686
Repayment of other financial liabilities		(5 439 567)	(5 548 645)	-	-
Receipt of other financial liabilities		2 000 000	-	-	-
Net cash from financing activities		**(123 086)**	**6 617 041**	**3 316 481**	**12 165 686**
Total cash movement for the year		**156 784**	**183 486**	**(1 106 928)**	**1 125 241**
Cash at the beginning of the year		(3 962 664)	(4 146 150)	1 126 269	1 028
Total cash at end of the year	12	**(3 805 880)**	**(3 962 664)**	**19 341**	**1 126 269**

1. Preparation of annual financial statements

1.1. Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and their interpretations adopted by the International Accounting Standards Board, the Financial Reporting Guides issued by the Accounting Practices Committee of South African Institute of Chartered Accountants, the Listing Requirements of the JSE Limited and the Companies Act. The annual financial statements have been prepared on the historical cost basis except for the 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 28 February 2019. The annual financial statements are presented in South African Rand, which is the company's functional currency.

1.2. Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The investee, exposure, or rights, to variable returns from involvement with the investee and the ability to use power over the investee to affect the amount of the investor's returns.

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.

Subsidiaries

Subsidiaries are entities controlled by the group. Investments in subsidiaries are carried at cost less impairment adjustments in the company's separate financial statements.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is not amortised but is tested at least annually for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed. For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

1.3. Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Management 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.

Critical judgements in applying accounting policies

Significant judgements include:

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 then 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.

Impairment of non-financial/ financial assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired by applying internal and external impairment indicators. Determining whether tangible and intangible assets are impaired requires an estimation of the recoverable amount of the individual assets, or otherwise the recoverable amount of the cash-generating unit to which the asset belongs. Details of these assumptions have been applied in the relevant accounting policies and notes to the annual financial statements.

1.4. Property, plant and equipment

Property, plant and equipment are initially measured at cost. 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.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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.

1.4. Property, plant and equipment (Continued)

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.

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.

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

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life (years)
Buildings	Straight line	60
Furniture and fixtures	Straight line	6-10
Motor vehicles	Straight line	5
Office equipment	Straight line	6-10
IT equipment	Straight line	3-5
Leasehold improvements	Straight line	Period of lease
Laser equipment	Straight line	5

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5. 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. Intangible assets are initially recognised at cost.

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.
- 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.

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

Item	**Useful life (years)**
Trademarks and website costs	10
Perfect 10 brand	Indefinite
Development costs	10
Computer software’	3-5

1.6. Financial instruments

Financial instruments comprise loans receivable (inter-group loans and other financial assets), trade and other receivables, cash and cash equivalents, trade and other payables, other financial liabilities and bank overdrafts.

Classification

The group classifies financial assets on initial recognition as measured at amortised cost as the group's business model and objective is to hold the financial asset in order to collect the contractual cash flow and the contractual terms allows for cash flows on specified dates for the payment of the principal amounts outstanding.

Financial assets	Classification in 2019 (IFRS9)	Classification in 2018 (IAS32)
Loans to group companies	Financial asset at amortised cost	Loans and receivables at amortised cost
Other financial assets	Financial asset at amortised cost	Loans and receivables at amortised cost
Trade and other receivables	Financial asset at amortised cost	Loans and receivables at amortised cost
Cash and cash equivalents	Financial asset at amortised cost	Loans and receivables at amortised cost

The financial liabilities are classified at amortised.

Financial liability	Classification in 2019 (IFRS9)	Classification in 2018 (IAS32)
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Other financial liabilities	Financial liability at amortised cost	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost	Financial liability at amortised cost

Recognition

Financial assets and liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instruments.

Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as noncurrent.

Financial liabilities are classified as non-current if the group has an unconditional right to defer payment for more than 12 months from the reporting date.

Measurement on initial recognition

All financial assets and liabilities are initially measured at fair value, including transaction costs.

A trade receivable without a significant financing component is initially recognised at the transaction price.

Subsequent measurement

Financial assets held at amortised cost are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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 assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Impairment of financial assets not carried at fair value - IFRS 9

Under IFRS 9 the group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised. ECLs are a probability weighted estimate of credit losses. To calculate ECLs the group segments/groups financial assets by customer type and ageing. The group applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime expected credit losses for financial assets. In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

Impairment of financial assets not carried at fair value - (IAS 32 - 2018 year)

At each reporting date the Group assessed all financial assets measured at amortised cost to determine whether there is any objective evidence of impairment, for example significant financial difficulties of the debtor, probability that the debtor will enter insolvency and default of payment, increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions correlate with default on receivables.

Significant financial assets are assessed individually. Those where there is no objective evidence of impairment are assessed for impairment again but on a collective basis Impairment losses are recognised in profit or loss. The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial assets original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of the trade receivables where the carrying amount is reduced through the use of an allowance account. Where financial assets are impaired through the use of a allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off, are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Fair value measurements for financial instruments not measured at fair value

Financial assets and financial liabilities at amortised cost – The carrying value of current receivables and liabilities measured at amortised cost approximates their fair value.

The fair values of the non-current liabilities measured at amortised cost are also not significantly different to their carrying values, due to the market related interest rate applied to the financing instrument.

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 an asset or liability in a transaction which 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 to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

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.

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 asset. This liability is not discounted.

1.9. Inventories

Inventory consists of stock on hand and stores held for sale in ordinary course of business. 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.

Stores held for sale constitute opened stores held with the intention of sale to franchisees in the ordinary course of business. The cost of stores held for sale comprises of all costs of conversion and other costs incurred in bringing the store to their present condition for sale.

1.10. Impairment of non-financial 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.

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.

An 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.

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 recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

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. Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.14. Revenue (In accordance with IAS 18 - 2018 year)

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.

Sale of goods

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. ble.

Rendering of Services

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.

Fees for managerial and administration services

The group provides various administrative and management services to entities. For these services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific management services provided and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Royalty revenue

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

Interest income

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

1.15. Revenue from contracts with customer (2019 year)

The group recognises revenue from the following major sources:

- Sales of beauty products - retail and wholesale
- Royalty fees for franchise licenses

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Sale of beauty products and treatments

The group sells beauty products and treatments directly to customers both through sales to its franchise retail outlets, own stores and through sales to external retail stores.

For sales of products and treatments to franchise and retail customers, revenue is recognised when control of the goods has transferred, being at the point the franchise retail outlet or the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the franchisee or the customer purchases the products and treatments. A receivable is recognised for account holding customers. No financing element is recognised at the point of sale.

Royalties

The group provides license services to franchisees for the utlisation of the brands held by the group. The group charges royalties in terms of the royalty agreements for the use of these licenses. Revenue relating to the royalty is recognised over time. The transaction price allocated to these services is recognised monthly as the franchisee receives and uses the licence and its related benefits simultaneusly.

1.16. Financial instruments - fair values and risk management

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

1.17. Statement of cash flows

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

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.

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. 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 presentation of headline earnings is not an IFRS requirement, but is required by the JSE Limited. The calculation of headline earnings is done in accordance with SAICA's issued circular.

1.20. Other income

Other income is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided which are not part of the normal course of business, net of value added tax. Other income is recognised when the risk and rewards have been transferred.

1.21. 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 criteria's. 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

The group has adopted all new accounting standards that became effective in the current reporting period. The following standards were considered for its impact on the Group at first time adoption:

- IFRS 9 Financial Instruments (IFRS 9); and
- IFRS 15 Revenue from Contracts with Customers (IFRS 15).

The changes in accounting policies were applied in accordance with the modified retrospective approach whereby no comparative figures are restated but instead, a cumulative catch-up adjustment is recognised, if necessary, in opening retained earnings.

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB in July 2014 and is effective for accounting periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for:

- the classification, measurement and derecognition of financial assets and financial liabilities;
- the impairment of financial assets; and
- general hedge accounting.

Classification, measurement and derecognition:

The Group has assessed the impact of the business model on the classification of financial instruments in terms of IFRS 9. Based on this assessment, there has been no change in the classification of the Group's financial assets and financial liabilities. The Group's financial assets and liabilities remain classified and measured as at carried at amortised cost.

Impairment model

IFRS 9 introduces an expected credit loss model as opposed to an incurred credit loss approach in recognising any impairment of financial assets. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Impairment assessment

Before the adoption of IFRS 9 the group calculated the allowance for credit losses using the incurred loss model. Under the incurred loss model, the group assessed whether there was any objective evidence of impairment at the end of each reporting period. If such evidence existed the allowance for credit losses in respect of financial assets at amortised cost were calculated as the difference between the asset's carrying amount and its recoverable amount, being its present value of the estimated future cash flows discounted at the original EIR. Under IFRS 9 the group calculates the allowance for credit losses based on ECLs for financial assets measured at amortised cost. The group applies the simplified approach to determine the ECL for financial assets. This results in calculating lifetime ECLs for financial assets. ECLs for trade receivables is mainly calculated using a provision matrix.

The above change in accounting policy has not resulted in a material difference for the year ended 28 February 2019 by performing the 2018 allowance calculation based on the IFRS 9 requirements and consequently the opening retained earnings has not been adjusted.

IFRS 15 Revenue from Contracts with Customers

The Group adopted the new standard of recognising revenue from contracts with customers, effective for years beginning 1 January 2018. This standard combines, enhances and replaces specific guidance on recognising revenue from contracts with customers with a single standard. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer

It defines a new 5 step-model to recognise revenue from customer contracts, which requires:

- The identification of the contract with customers;
- Identify the performance obligation in the contract;
- Determining the transaction price;
- Allocating the transaction price to the performance obligation; and
- Recognising the revenue as the performance obligation has been met.

IFRS 15 also includes extensive new disclosure requirements.

The group undertook a review of the main types of commercial arrangements used with customers under this model. Based on the assessment performed, the adoption of this standard has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2. Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2019.

IFRS 16 Leases: IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. The effective date is for years beginning on or after 01 January 2019.

The Group had embarked on a project to consider the impact of the changes in the standardon the Group's financial statements. The project is still on-going as at the date of this report.

3. Property, plant and equipment

Group	2019		
	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	14 800 000	(488 333)	14 311 667
Furniture and fixtures	933 770	(813 282)	120 488
Motor vehicles	476 404	(428 736)	47 668
Office equipment	721 333	(702 605)	18 728
IT equipment	1 217 308	(1 187 466)	29 842
Leasehold improvements	1 848 892	(650 179)	1 198 713
Laser equipment	2 292 154	(1 876 618)	415 536
Total	**22 289 861**	**(6 157 219)**	**16 142 642**

Reconciliation of property, plant and equipment - Group - 2019	**Opening balance**	**Additions**	**Disposals**
Buildings	14 258 333	-	-
Furniture and fixtures	154 327	18 974	(4 131)
Motor vehicles	93 415	-	(22 140)
Office equipment	30 543	-	(4 518)
IT equipment	110 830	-	-
Leasehold improvements	1 486 578	-	-
Laser equipment	586 213	-	-
	16 720 239	**18 974**	**(30 789)**

Reconciliation of property, plant and equipment - Group - 2018	Opening balance	Additions
Buildings	13 500 000	-
Furniture and fixtures	144 065	83 460
Motor vehicles	190 196	-
Office equipment	64 945	5 652
IT equipment	191 919	41 427
Leasehold improvements	1 357 017	398 791
Laser equipment	743 448	-
	16 191 590	**529 330**

	2018		
	Cost or revaluation	Accumulated depreciation	Carrying value
	14 500 000	(241 667)	14 258 333
	914 796	(760 469)	154 327
	599 406	(505 991)	93 415
	725 853	(695 310)	30 543
	1 217 308	(1 106 478)	110 830
	1 848 892	(362 314)	1 486 578
	2 292 153	(1 705 940)	586 213
	22 098 408	**(5 378 169)**	**16 720 239**

	Revaluations	**Depreciation**	**Total**
	300 000	(246 666)	14 311 667
	-	(48 682)	120 488
	-	(23 607)	47 668
	-	(7 297)	18 728
	-	(80 988)	29 842
	-	(287 865)	1 198 713
	-	(170 677)	415 536
	300 000	**(865 782)**	**16 142 642**

Disposals	Revaluations	Depreciation	Total
-	1 000 000	(241 667)	14 258 333
-	-	(73 198)	154 327
(55 792)	-	(40 989)	93 415
(25 789)	-	(14 265)	30 543
-	-	(122 516)	110 830
-	-	(269 230)	1 486 578
-	-	(157 235)	586 213
(81 581)	**1 000 000**	**(919 100)**	**16 720 239**

3. Property, plant and equipment (continued)

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings 15:

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Land and buildings	14 311 667	14 258 333	-	-
1st Mortgage bond in favour for Absa Bank Limited over building on Erven 773 and 774 Woodmead Ext 22.				
Cession of revenues generated by the property including any insurance proceeds.				
Leasehold improvements	1 198 714	1 486 578	-	-
Motor vehicles	47 668	93 415	-	-
IT equipment	29 842	110 830	-	-

Revaluations

Buildings are carried at revalued amounts. Revaluations were performed by an independent valuer, Mr A Steyn of Alfa Valuations who is independent from the group on 28 February 2019. The income approach was adopted in the valuation process. Buildings will be revalued annually.

Unobservable Valuation inputs included the following:

- The anticipated gross market rental of R110/m2
- The estimated annual operating expenditure for the property in order to realise the rental income
- The net annual income
- The capitalisation rate of 10.5%

Had land and buildings been carried on the cost model, the carrying amounts would have been R13 151 550 (2018: R13 267 700).

Details of the property

Building on Erven 773 and 774 Woodmead Ext 22.

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
- Purchase price: 28 February 2017	13 383 850	13 383 850	-	-
- Revaluation	1 416 150	1 116 150	-	-
- Depreciation	(488 333)	(241 667)	-	-
	14 311 667	**14 258 333**	**-**	**-**

4. Goodwill

Group	2019			2018		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	6 808 807	(3 249 163)	3 559 644	6 808 807	(3 249 163)	3 559 644

Reconciliation of goodwill - Group - 2019

Goodwill	Opening balance	Total
	3 559 644	3 559 644

Reconciliation of goodwill - Group - 2018	Opening balance	Impairment loss	Total
Goodwill	6 808 807	(3 249 163)	3 559 644

Impairment assessment of Goodwill

The recoverable amounts of the two cash generating units ("CGUs") included in goodwill are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, expected changes to selling prices and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments and the risks specific to the CGUs. The growth rates are based on historical and future industry growth forecasts. Changes in selling prices and direct costs are based on historical information and expectations of future changes in the market. The key assumptions used in the future cash flows of the two CGU's are highlighted below:

Placecol Fresh Beauty (Pty) Ltd

Key assumptions used in value-in-use calculations include budgeted retail product margins and budgeted franchise revenue streams flowing to Placecol Fresh Beauty Proprietary Limited. The assumptions are based on historical results for the Placecol brand as well as the individual branded salons adjusted for the anticipated future growth rate of 5% - 6% (2018: 4% - 5%) per annum over the next 5 years, which is the average growth factor per management's judgement and at a discount rate of 17% (2018: 16%). The assumptions above are a reflection of management's past experience in the market in which these units operate as well as anticipated market adjustments to reflect the continued stressed macroeconomic realities affecting the industry. No impairment was identified related to the Placecol Fresh Beauty cash- generating unit. The impairment calculation was tested for sensitivity to significant changes in the key assumptions used. The basis for the sensitivity analysis was a reduction of up to 2% in the forecasted growth rate in the value- in-use calculation and a reduction of 2% of the weighted average cost of capital. The sensitivity analysis did not result in any further impairment of the Placecol Fresh Beauty cash- generating unit.

Dream Nails Beauty (Pty) Ltd

The Goodwill related to the Dream Nails Beauty cash-generating unit was fully impaired in the prior financial year.

5. Intangible assets

Group	2019			2018		
	Cost	Accumulated amortisation and impairments	Carrying value	Cost	Accumulated amortisation and impairments	Carrying value
Perfect 10 trademark and franchise agreements	14 340 000	(2 468 082)	11 871 918	14 340 000	(2 468 082)	11 871 918
Computer software	260 180	(246 861)	13 319	260 180	(211 997)	48 183
Trademark and website costs	1 219 236	(891 819)	327 417	1 219 237	(843 098)	376 139
Development costs	7 889 479	(6 197 018)	1 692 461	7 879 495	(5 863 479)	2 016 016
Total	**23 708 895**	**(9 803 780)**	**13 905 115**	**23 698 912**	**(9 386 656)**	**14 312 256**

Company	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademark and website costs	101 145	(69 357)	31 788	101 146	(59 244)	41 902

Reconciliation of intangible assets - Group - 2019	Opening balance	Additions	Amortisation	Total
Perfect 10 trademark and franchise agreements	11 871 918	-	-	11 871 918
Computer software	48 183	-	(34 864)	13 319
Trademark and website costs	376 139	-	(48 722)	327 417
Development costs	2 016 016	9 984	(333 539)	1 692 461
	14 312 256	**9 984**	**(417 125)**	**13 905 115**

Reconciliation of intangible assets - Group - 2018	Opening balance	Amortisation	Impairment	Total
Perfect 10 trademark and franchise agreements	14 340 000	-	(2 468 082)	11 871 918
Computer software	90 838	(42 655)	-	48 183
Trademark and website costs	648 937	(88 390)	(184 408)	376 139
Development costs	6 864 813	(857 386)	(3 991 411)	2 016 016
	21 944 588	**(988 431)**	**(6 643 901)**	**14 312 256**

Reconciliation of intangible assets - Company - 2019	Opening balance	Amortisation	Total
Trademark and website costs	41 902	(10 114)	31 788

Reconciliation of intangible assets - Company - 2018	Opening balance	Amortisation	Total
Trademark and website costs	52 018	(10 116)	41 902

5. Intangible assets (continued)

Other information

Impairment assessment of intangible assets

The Group continues to operate in an environment of financial constraints due to the current macro-economic conditions experienced in South Africa. Management assessed again in the current year for indicators of impairment related to both indefinite and definite useful life intangible assets as a result of this environment. Based on the assessment, no further impairment were identfiied in the current year. The recoverable amounts of the cash generating units ("CGUs") related to intangible assets are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, expected changes to selling prices and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments and the risks specific to the CGUs. The growth rates are based on historical and future industry growth forecasts. Changes in selling prices and direct costs are based on historical information and expectations of future changes in the market. The key assumptions used in the future cash flows are highlighted below:

Impairment assessment of intangible assets with an indefinite useful life:

The Perfect 10 business is a beauty franchised group of approximately 32 (2018:40) beauty studios nationally. The franchise is 16 years old. The Perfect 10 brand experienced further closures of stores during the year due to the tough economic environment, which resulted in reduced current and predicted future revenue. An impairment test was done at year end using the discounted cash flow method over a period of 5 years. Revenue growth was calculated at 1% - 4% (2018: 1% - 4%) and expenses at a growth rate of 4.5% (2018: 5.2%) over a discount rate of 17% (2018: 16%). Based on the assessment, an impairment of Rnil (2018: R2 468 082) was identified.

Impairment assessment of intangible assets with a definite useful life:

Definite useful life assets consists of various trademarks and development costs related to products. Management assessed the recoverability of each trademark and product under development. Due to the tough economic environment management has disinvested in various products under development in the prior year which resulted in these lines being fully impaired in the previous year. An impairment test was done at year end using the discounted cash flow method over a period of 5 years. Key assumptions included revenue growth calculated at 1% - 4% (2018: 1% - 4%) and expenses at a growth rate of 4% - 7% (2018: 3% - 6%) over a discount rate of 17% (2018: 16%). Based on the assessment, an impairment of Rnil (2018: R4 174 818) was identified

6. Investment in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries. All subsidiaries are domiciled in South Africa.

Company

Name of company	Profit/ (loss)	% voting power 2019	% voting power 2018	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Placecol Fresh Beauty (Pty) Ltd	(4 924 517)	100.00%	100.00%	100.00%	100.00%	11 163 951	11 163 951
Dream Nails Beauty (Pty) Ltd	765 177	100.00%	100.00%	100.00%	100.00%	-	-
Placeol Skin Care (Pty) Ltd	(564)	100.00%	100.00%	100.00%	100.00%	-	-
Enjoy Beauty (Pty) Ltd	78 689	100.00%	100.00%	100.00%	100.00%	-	-
Imbalie Innovvation (Pty) Ltd	299 611	100.00%	100.00%	100.00%	100.00%	-	-
Imbalie Beauty Training Academy (Pty) Ltd	(128 240)	100.00%	100.00%	100.00%	100.00%	-	-
						11 163 951	11 163 951

Subsidiaries pledged as security

At 28 February 2019 and up to the date of the report Imbalie Innovation has been pledged as security for a bridging loan in note 15.

Restrictions relating to subsidiaries

There are no significant restrictions to the Group in respect of the ability to access assets and liabilities of the subsidiaries. Imbalie Beauty Limited and its subsidiaries did not repurchase any of their own shares during the period under review.

Impairments

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. The carrying amounts of subsidiaries are shown net of impairment losses. No impairment was identified during the 2019 financial year.

7. Other financial assets - Comparative information as per IAS 39

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Financial assets at amortised cost (2018: Loans and receivables)				
Loans made to franchisees for Mesojet	74 049	275 648	-	-
These loans are unsecured and bear interest at an average rate of 14.25% and are repayable in 36 monthly installments of R4 662 each.				
Franchise establishment loans	1 115 973	909 816	-	-
These loans bear interest at prime as established by ABSA Bank and are unsecured. Repayment terms are facility specific between 1 and 5 years				
	1 190 022	**1 185 464**	**-**	-
Non-current assets				
Loans and receivables	476 263	342 055	-	-
Current assets				
Loans and receivables	713 759	843 409	-	-
	1 190 022	**1 185 464**	**-**	-

Other financial assets impaired

As of 28 February 2019, a general expected credit loss allowance of R152 116 has been raised for other financial assets. During the 2018 financial year an allowance for bad debts of R1 430 732 were raised. The impairment is as a result of franchisees experiencing financial difficulties due to the current economic environment.

8. Deferred tax

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Deferred tax liability				
Capital allowances	(156 537)	(104 720)	(4 746)	(8 290)
Lease straight- lining	(67 258)	(35 565)	-	-
Revaluation of building	(369 946)	(304 904)	-	-
Total deferred tax liability	**(593 741)**	**(445 189)**	**(4 746)**	**(8 290)**
Deferred tax asset				
Leave pay	71 621	102 784	-	-
Allowance for impairment	499 646	986 537	-	-
Tax losses available for set off against future taxable income	23 529 043	21 314 765	1 284 484	1 714 164
	24 100 310	22 404 086	1 284 484	1 714 164
Total deferred tax asset	**24 100 310**	**22 404 086**	**1 284 484**	**1 714 164**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. As a result, they have been offset in the statement of financial position as follows:

Deferred tax liability	(478 727)	(335 031)	-	-
Deferred tax asset	23 985 296	22 293 931	1 279 739	1 705 874
Total net deferred tax asset	**23 506 569**	**21 958 897**	**1 279 739**	**1 705 874**
Reconciliation of deferred tax asset / (liability)				
At beginning of year	21 958 897	15 624 229	1 705 874	1 920 531
Increases (decrease) in tax loss available for set off against future taxable income	2 214 278	5 436 980	(429 680)	(199 491)
Other taxable / (deductible) temporary differences	(666 606)	897 688	3 544	(15 166)
	23 506 569	**21 958 897**	**1 279 739**	**1 705 874**

Recognition of deferred tax asset

The directors assessed the deferred tax assets per individual subsidiary and, based on future budgeted figures, the group as well as each individual subsidiary expects to be profitable in future. The group invested in the development of new skin care brands, which will enhance the company's brand and generate future revenue streams. The Group has entered into new sustainable distribution channels to increased product sales and overall awareness of the Group's brands to customers. Management is in the process of various initiatives to return the group to profitability. These include reduction in overhead costs. Various non-recurring expenses were incurred in the current year. The group expects to recover the deferred tax asset over the foreseeable future based on the above restructuring and operational plans and profitability forecasts.

9. Inventories

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Raw materials, components	2 297 732	2 471 316	-	-
Stock on hand	3 153 136	4 656 679	-	-
Stores for sale	450 003	1 178 375	-	-
	5 900 871	8 306 370	-	-
Allowance for Obsolete stock	-	(292 468)	-	-
	5 900 871	**8 013 902**	**-**	-

Inventories pledged as security

At 28 February 2019 and up to the date of the report none of the inventories have been pledged as security.

Impairments

During the prior year, inventory was written down to its net realisable value. The Rnil (2018: R10 917 893) write down was to bring the carrying amount of inventory to their net realisable value. Determination of the net realisable value involved considering the realisable value of current store-sale prices and obsolete stock.

10. Loans to group companies

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Subsidiaries				
Placecol Fresh Beauty (Pty) Ltd	-	-	5 873 037	-
The loan is unsecured, bears no interest and has no fixed repayment terms.				

11. Trade and other receivables

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Trade receivables	8 459 527	13 870 488	-	-
Loss allowance	(2 227 154)	(2 692 446)	-	-
Trade receivables at amortised cost	6 232 373	11 178 042	-	-
Deposits	163 646	375 833	-	-
Operating lease receivables	479 953	311 976	-	-
Other receivables	513 344	15 876	100 000	-
VAT	-	54 258	-	-
Total trade and other receivables	**7 389 316**	**11 935 985**	**100 000**	**-**

Exposure to credit risk

Trade Receivables is subject to an expected credit loss approach in recognising any impairments. The ageing of trade receivables with the allowance for credit loss is provided below:

Group	2019	2019	2018	2018
Expected credit loss rate:	Gross carrying amount	Loss allowance (Lifetime expected credit loss)	Gross carrying amount	Allowance for bad debts
Current	1 701 452	(370 115)	6 342 564	(317 744)
30 days	715 573	(143 115)	774 931	(205 918)
60 days	779 495	(167 960)	1 012 625	(309 709)
90 days	512 101	(132 742)	932 971	(277 958)
120+ days	4 750 906	(1 413 222)	4 807 398	(1 581 116)
Total	**8 459 527**	**(2 227 154)**	**13 870 489**	**(2 692 445)**

12. Cash and cash equivalents

Cash and cash equivalents consist of:				
Cash on hand	15 730	177 485	-	-
Bank balances	115 006	1 245 043	19 341	1 126 269
Bank overdraft	(3 936 616)	(5 385 193)	-	-
	(3 805 880)	**(3 962 665)**	**19 341**	**1 126 269**
Current assets	130 736	1 422 528	19 341	1 126 269
Current liabilities	(3 936 616)	(5 385 193)	-	-
	(3 805 880)	**(3 962 665)**	**19 341**	**1 126 269**

Placecol Fresh Beauty (Pty) Ltd has an approved facility for guarantees to the value of R676 000 (2018: R1 700 000) as reviewed and updated on 28 February 2019. Details of contigencies are dislosed in Note 30.

Trade debtors of the Group have been ceded as security to ABSA Bank Limited for the approved overdraft facility of Placecol Fresh Beauty (Pty) Ltd to the value of R4 550 000 (2018: R5 200 000).

13. Share capital

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
Authorised				
2 000 000 000 (2018: 2 000 000 000) Ordinary shares of 0.0001 cent each	200 000	200 000	200 000	200 000
Reconciliation of number of shares issued:				
Reported as at 01 March 2018	1 205 715 182	629 872 558	1 205 715 182	629 872 558
Rights issue shares	178 324 043	571 675 957	178 324 043	571 675 957
General issue of shares	-	4 166 667	-	4 166 667
28 February 2019	**1 384 039 225**	**1 205 715 182**	**1 384 039 225**	**1 205 715 182**

A rights issue as per circulation on the JSE was concluded on 26 February 2018. Total rights offered by Imbalie Beauty Limited was 750 000 000, of which the total number of rights issue shares issued before year end was 571 675 957. The remaining shares amounting to 178 324 043 was issued during the current year.

A general issue of shares amounting to 4 166 667 was issued during the prior period.

Issued				
Ordinary	52 119 363	52 101 531	52 119 363	52 101 531
Share premium	61 613 088	58 314 439	61 613 088	58 314 439
	113 732 451	**110 415 970**	**113 732 451**	**110 415 970**

14. Revaluation reserve

Opening balance	811 246	86 034	-	-
Revaluation net of tax	216 000	720 000	-	-
Realisation of deferred taxation through use	6 608	5 212	-	-
	1 033 854	**811 246**	**-**	-

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
15. Other financial liabilities				
At amortised cost				
Hands on Beauty	-	190 809	-	-
The loan is unsecured, bear no interest and is repayable on demand.				
Other loans	2 587 418	1 294 589	-	-
These loan agreements bear interest at an effective rate of between 14% and 18.25% (2018: 16.25% and 18.25%) per annum. The average current monthly instalment is R111 878 (2018: R139 497) and is repayable over a period of 12 to 36 months.				
Instalment sale agreements	25 375	3 267 762	-	-
These bear interest at an effective rate of prime+4% (2019: 14.5%) per annum. The average current monthly instalment is R25,449 (2018: R304 531). The remaining balance is payable within the next year.				
Short term bridging loans	5 224 922	5 932 458	-	-
One loan is unsecured and bears no interest and is repayable on demand. The other loan carries interest at prime plus 5% and is secured by the shares of Imbalie Innovation (Pty) Ltd.				
Mortgage bond	7 553 287	8 144 951		
ABSA mortgage bonds bearing interest at a rate equal to prime plus 1% per annum. The current monthly instalment is R118 177 (2018: R118 177). The loans are secured by buildings with a fair value of R14 311 667 (2018: R14 258 333).			-	-
	15 391 002	**18 830 569**	**-**	-
Split between non-current and current portions				
Non-current liabilities	7 807 631	9 732 144	-	-
Current liabilities	7 583 371	9 098 425	-	-
	15 391 002	**18 830 569**	**-**	-
Instalment sale agreements				
Payments due within one year	25 375	3 611 148	-	-
Payments due in second to fifth year	-	447 408	-	-
Less: Future finance costs	-	(790 794)	-	-
	25 375	**3 267 762**	**-**	-

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
16. Trade and other payables				
Trade payables	7 207 851	10 248 061	-	-
Accruals	587 593	493 251	10 000	-
Payroll accruals	751 852	1 406 384	-	-
Deposits received	191 481	251 959	-	-
Other payables	298 826	408 551	-	-
VAT	1 224 915	248 217	-	-
	10 262 518	**13 056 423**	**10 000**	**-**
17. Revenue				
Sale of products and treatments	29 964 303	53 743 154	-	-
Royalty and other services revenue	11 844 795	7 547 777	1 920 000	1 920 000
	41 809 098	**61 290 931**	**1 920 000**	**1 920 000**
Disaggregation of revenue from contracts with customers				
The group disaggregates revenue from customers as follows:				
Total revenue from contracts with customers	**41 809 098**	**61 290 931**	**1 920 000**	**1 920 000**
Timing of revenue recognition				
At a point in time				
Sale of beauty products and treatments	(29 964 303)	(53 743 154)	-	-
Over time				
Rendering of services	(136 795)	-	(1 920 000)	(1 920 000)
Royalty income	(11 708 000)	(7 547 777)	-	-
	(11 844 795)	**(7 547 777)**	**(1 920 000)**	**(1 920 000)**
Total revenue from contracts with customers	**(41 809 098)**	**(61 290 931)**	**(1 920 000)**	**(1 920 000)**
18. Operating profit (loss)				
Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:				
Employee costs				
Salaries and other benefits	11 917 747	20 928 669	-	-
Leases				
Operating lease charges				
Premises	3 416 293	4 990 250	-	-
Equipment	574 272	1 563 292	-	-
	3 990 565	**6 553 542**	**-**	**-**

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
19. Finance costs				
Other financial liabilities	760 435	613 656	-	-
Bank	654 896	640 506	-	1 143
Mortgage bond	826 785	898 316	-	-
Creditors	154 735	100 429	-	-
Total finance costs	**2 396 851**	**2 252 907**	**-**	**1 143**
20. Taxation				
Major components of the tax (income) expense				
Deferred				
Originating and reversing temporary differences	(1 654 967)	(6 605 365)	426 135	214 656
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%
Tax loss used	-%	(8.33%)	-%	- %
Non-deductable expenses (Capital nature and impairment)	5.30%	-%	-%	(27.75%)
	33.30%	**19.67%**	**28.00%**	**0.25%**
21. Earnings per share				
Basic/diluted loss per share (cents)	(0.24)	(4.24)		
Basic/diluted loss per share is based on loss of R3 295 831(2018: R26 979 255) and weighted average number of ordinary shares of 1 377 428 647 (2018: 636 836 895)				
Loss for the year attributable to equity holders of the parent	(3 295 831)	(26 979 255)		
There were no dilutive instruments in issue at year end				
Headline loss per share (cents)	(0.24)	(2.98)		
Reconciliation between earnings and headline earnings				
Loss attributable to ordinary equity holders of the parent entity	(3 295 831)	(26 979 255)		
Deduct IAS 16 loss on the disposal of plant and equipment	599	(19 849)		
Add impairment of intangible assets	-	6 643 902		
Add impairment of goodwill	-	3 249 163		
Headline loss before taxation	**(3 295 232)**	**(17 106 039)**		
Taxation effect	-	(1 854 734)		
Headline loss after taxation	**(3 295 232)**	**(18 960 773)**		

	Group		Company	
Figures in Rand	**2019**	2018	**2019**	2018
22. Cash generated from/(used in) operations				
(Loss)/profit before taxation	(4 950 798)	(33 584 621)	1 529 513	(84 209 390)
Adjustments for:				
Depreciation and amortisation	1 282 907	1 907 531	10 114	10 114
Profit on sale of asset	2 140	17 401	-	-
Investment income	(117 190)	(842)	(13)	-
Finance costs	2 396 851	2 252 907	-	1 143
Impairments	-	22 241 690	-	84 934 390
Movements in operating lease assets and accruals	54 787	(129 401)	-	-
Changes in working capital:				
Inventories	2 113 031	3 620 499	-	-
Trade and other receivables	4 546 669	(285 974)	(100 000)	-
Trade and other payables	(2 793 905)	224 557	10 000	-
	2 534 492	**(3 736 253)**	**1 449 614**	**736 257**

23. Related parties

Relationships

Subsidiaries	Refer to note 6
Salons owned by board member - E. Colyn	Beauty Flagship (Pty) Ltd (Placecol Skin Care Clinic Cresta) Mundex (Pty) Ltd (Placecol Skin Care Clinic Bram Fischer and Placecol SPA)

Related party balances				
Loan accounts - Owing (to) by related parties				
Placecol Fresh Beauty (Pty) Ltd	-	-	5 873 037	-
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Beauty Flagship (Pty) Ltd	(386 506)	173 057	-	-
Mundex (Pty) Ltd	19 084	139 321	-	-
Related party transactions				
Administration fees paid to (received from) related parties				
Placecol Fresh Beauty (Pty) Ltd	-	-	1 920 000	1 920 000
Royalties received from related parties				
Beauty Flagship (Pty) Ltd	931 817	221 960	-	-
Mundex (Pty) Ltd	265 039	177 707	-	-

24. Directors' and prescribed officer's emoluments

Executive

2019	Emoluments	Total
Ms E Colyn (Chief Executive Officer)	966 000	966 000
Ms CW de Jager (Financial Director)	478 153	478 153
	1 444 153	**1 444 153**

2018	Emoluments	Total
Ms E Colyn (Chief Executive Officer)	1 200 000	1 200 000
Ms DL Wolfendale (Executive Director: Marketing, Sales and Training – Resigned 1 March 2018)	649 211	649 211
Mr J Prince (Financial director appointed 27 March 2017, Resigned 31 October 2017	484 558	484 558
Mr J Rossouw (Financial director 1 November 2017, Resigned 7 May 2018)	266 000	266 000
	2 599 769	**2 599 769**

Non-executive

2019

Due to the financial constraints experienced during the current and prior year, the board agreed that all non-executive fees for 2019 and 2018 will be forfeited.

25. Financial instruments and risk management

Categories of financial instruments Categories of financial assets

Group - 2019	Note(s)	Amortised cost	Non-financial	Total	Fair value
Other financial assets	7	1 190 022	-	1 190 022	1 190 022
Trade and other receivables	11	6 909 363	479 953	7 389 316	6 909 363
Cash and cash equivalents	12	130 736	-	130 736	130 736
		8 230 121	**479 953**	**8 710 074**	**8 230 121**

Group - 2018	Note(s)	Amortised cost	Non-financial	Total	Fair value
Other financial assets	7	1 185 464	-	1 185 464	1 185 464
Trade and other receivables	11	11 569 751	366 234	11 935 985	11 569 751
Cash and cash equivalents	12	1 422 638	-	1 422 638	1 422 638
		14 177 853	**311 976**	**14 544 087**	**14 177 853**

Company - 2019	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	10	5 873 037	5 873 037	5 873 037
Trade and other receivables	11	100 000	100 000	100 000
Cash and cash equivalents	12	19 341	19 341	19 341
		5 992 378	**5 992 378**	**5 992 378**

Company - 2018	Note(s)	Amortised cost	Total	Fair value
Cash and cash equivalents	12	1 126 269	1 126 269	1 126 269

Categories of financial liabilities

Group - 2019	Note(s)	Amortised cost	Non-financial	Total	Fair value
Trade and other payables	16	9 037 603	1 224 915	10 262 518	9 037 603
Operating lease accrual		-	239 746	239 746	239 746
Other financial liabilities	15	15 391 002	-	15 391 002	15 391 002
Bank overdraft	12	3 932 888	-	3 932 888	3 932 888
		28 361 493	**1 464 661**	**29 826 154**	**28 601 239**

Group - 2018	Note(s)	Amortised cost	Non-financial	Total	Fair value
Trade and other payables	16	12 808 206	248 217	13 056 423	12 808 206
Operating lease accrual		-	184 959	184 959	184 959
Other financial liabilities	15	18 830 569	-	18 830 569	18 830 569
Bank overdraft	12	5 385 192	-	5 385 192	5 385 192
		37 023 967	**433 176**	**37 457 143**	**37 208 926**

Company - 2019	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	16	10 000	10 000	10 000

25. Financial instruments and risk management (Continued)

Capital risk 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 shareholders 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 2019. 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.

Financial risk management

Overview

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. 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 board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The Group considered all current financial assets and liabilities carrying value to approximate its fair values due to its short term nature.

Credit risk

Credit risk is the risk that the Group's clients or counterparties will not be able or willing to pay interest, repay capital or otherwise fulfil their contractual obligations under loan agreements or other credit facilities. It also arises on bank balances. Credit risk consists mainly of cash deposits, cash equivalents, other financial assets 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 evaluates credit risk relating to customers on an ongoing basis. Individual risk limits may be set based on internal ratings in accordance with limits set by the board. The Group has implemented the procedures below for avoiding excessive concentration of credit risk included in the trade and other receivables:

- Maintaining a wide customer base through mainly franchisee operations;
- Continually looking for opportunities to expand the client base and product offering base;
- Reviewing the debtor book regularly with the intention of minimising the group's exposure to bad debts. As a result, management has entered into acknowledgement of debt agreements with debtors who are exceeding their normal terms. The acknowledgement of debt agreements was agreed for a twelve month period.

25. Financial instruments and risk management (Continued)

Expected credit loss risk

The group has the following financial assets subject to the ECL model:

- Trade receivables;
- Loans from group companies;
- Other financial assets; and
- Cash and cash equivalents.

Included in loans from group companies are amounts receivable from related parties to which the group has applied the general impairment model. The group has considered the financial performance, external debt and future cash flows of the related parties and concluded that the credit risk relating to these receivables are limited in the current year and consequently the probability of default relating to these balances in the current year are low, with historic credit losses of R78 780 899 identified in the prior year.

Simplified parameter-based approach – ECL is calculated using a formula incorporating the following parameters: Exposure at Default (EAD), Probability of Default (PD), Loss Given Default (LGD) discounted using the Effective Interest Rate (EIR) (i.e. PD x LGD x EAD = ECL).

Exposures are mainly segmented by customer type and macro-economic factors. The probability of a customer defaulting as well as the realised loss with defaulted accounts has been determined using historical data (12 months). The EIR represents a weighted average rate which is representative of the portfolio of customers and incorporates a risk-free rate plus a risk premium on initial recognition of the trade receivables. The group has considered quantitative forward looking information such as inflation rate, economic downturn, political risk premium and macro-economic factors. Qualitative assessments has also been performed, of which the impact was found to be immaterial. Details of the ECL raised has been included in the trade receivables and other financial assets note.

The maximum exposure to credit risk is presented in the table below:

Group		**2019**			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Allowance for bad debts	Amortised cost
Other financial assets	11	1 190 022	-	1 190 022	1 185 464	-	1 185 464
Trade and other receivables		9 616 470	(2 227 154)	7 389 316	14 574 173	(2 692 446)	11 881 727
Cash and cash equivalents	12	130 736	-	130 736	1 422 638	-	1 422 638
		10 937 228	**(2 227 154)**	**8 710 074**	**17 182 275**	**(2 692 446)**	**14 489 819**

Company		**2019**			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Allowance for bad debts	Amortised cost
Loans to group companies	10	5 873 037	-	5 873 037	-	-	-
Trade and other receivables	11	100 000	-	100 000	-	-	-
Cash and cash equivalents	12	19 341	-	19 341	1 126 269	-	1 126 269
		5 992 378	**-**	**5 992 378**	**1 126 269**	**-**	**1 126 269**

25. Financial instruments and risk management (Continued)

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 available credit facilities. Cash flow forecasts are prepared and utilised borrowing facilities are monitored. As disclosed in the going concern note, the group is been experiencing liquidity challenges. However, management has been able to stabilise the liquidity concerns and has enterred into plans to dispose of its property, which will further release its liquidity contstraints.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are contractual amounts.

Group - 2019		Less than 1 year	Between 1 and 5 years	Total	Carrying amount
Non-current liabilities					
Other financial liabilities	15		7 807 631	7 807 631	7 807 631
Current liabilities					
Trade and other payables	16	9 037 603		9 037 603	9 037 603
Other financial liabilities	15	7 583 371		7 583 371	7 583 371
Bank overdraft	12	3 936 616		3 936 616	3 936 616
		20 557 590	**7 807 631**	**28 365 221**	**28 365 221**

Group - 2018			Between 1 and 5 years	Total	Carrying amount
Non-current liabilities					
Other financial liabilities	15		9 732 144	9 732 144	9 732 144
Current liabilities					
Trade and other payables		12 808 206		12 808 206	12 808 206
Other financial liabilities	15	9 098 425		9 098 425	9 098 425
Bank overdraft	12	5 385 302		5 385 302	5 385 302
		27 291 933	**9 732 144**	**37 024 077**	**37 024 077**

25. Financial instruments and risk management (Continued)

Foreign currency 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. 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

		Group		Company	
Figures in Rand		**2019**	2018	**2019**	2018
US Dollar exposure:					
Current assets:					
Trade and other receivables	11	100 176	-	-	-
Current liabilities:					
Trade and other payables	16	-	(301 998)	-	-
Net US Dollar exposure		**100 176**	**(301 998)**	**-**	-
Euro exposure:					
Current liabilities:					
Trade and other payables	16	(135 392)	(5 754)	-	-
Net exposure to foreign currency in Rand		**(35 216)**	**(307 752)**	**-**	-
Exchange rates					
Rand per unit of foreign currency:					
US Dollar		13.953	11.749	-	-
Euro		15.889	14.351	-	-
Sensitivity analysis					
Strengthening of the USD by R1		7 179	25 704	-	-
Strengthening of the EURO by R1		(8 521)	(402)	-	-

Interest rate risk

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, bank overdrafts, other financial assets and other financial liabilities. 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 decreased during the current period mainly due to the decrease in variable rate debt instruments. The analysis has been performed for floating interest rate assets and liabilities. The impact of a change in interest rates on floating interest rate financial instruments 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.

25. Financial instruments and risk management (Continued)

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which management has assessed based on the current economic environment. Management expects the interest risk to be a decrease in the interest rate of 1%. The sensitiy disclosed also indicate the impact of a 1% increase in the interest rate. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group **Increase or decrease in rate**	2019 Increase	2019 Decrease	2018 Increase	2018 Decrease
Impact on profit or loss:				
Cash and cash equivalents	1 150	(1 150)	10 242	(10 242)
Other financial assets	11 900	(11 900)	8 535	(8 535)
Bank overdraft	(39 366)	39 366	(36 706)	36 706
Other financial liabilities	(153 910)	153 910	(131 800)	131 800
	(180 226)	**180 226**	**(149 729)**	**149 729**

Company **Increase or decrease in rate**	2019 Increase	2019 Decrease	2018 Increase	2018 Decrease
Impact on profit or loss:				
Cash and cash equivalents	193	(193)	11 262	(11 262)

26. Fair value information

Levels of fair value measurements

Level 3

Recurring fair value measurements

		Group		Company	
	Note(s)	**2019**	2018	**2019**	2018
Assets					
Property, plant and equipment					
Buildings	3	14 311 667	14 285 333	-	-
Total		**14 311 667**	**14 285 333**	**-**	**-**

The unobservable details have been disclosed in note 3 to the financial statements. The valuation technique used is the discounted cash flow method.

27. 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.

As the current liabilities exceed the current assets by R7.9 million, a material uncertainty exists regarding the liquidity position of the Group. In order to address this position, the Company has entered into plans to dispose of its property during the next financial year. The disposal will release sufficient working capital to ensure the Company remains liquid and sufficient cash flows exists to cover payables on an operational level.

28. Events after the reporting period

Disposal of building

Subsequent to year end, the Company has entered into plans to dispose of its property which is currently fairly valued at R14.8 million.

Censure

The JSE has imposed a public censure against the company due to non-compliance with JSE Listings Requirements. The Company failed to disseminate accurate information regarding the date of the underwritting of its rights offer.

Wepex transaction

Shareholders are advised that discussions to acquire Wepex Geotechnical (Pty) Limited ("Wepex") and Makgarapa Products (Pty) Limited ("Makgarapa") terminated on 29 May 2019.

29. Commitments

Getbucks

The Group entered into a business continuation agreement with GetBucks to provide funding to certain of its franchise operators. The Group's exposure as at 28 February 2019 in this regard amounts to R5.6 million.

30. Contingencies

The Group has various contingent liabilities in terms of head leases entered into with various landlords on behalf of its franchise operators nationally. The exposure of the Group is monitored on an ongoing basis with an action plan to actively reduce the Group's exposure to head leases. The Group's exposure to head leases reduced from 56 head leases to 28 head leases with a further 9 in the process of being transferred, reducing the exposure to less than 20 head leases.

SHAREHOLDER ANALYSIS

COMPANY IMBALIE BEAUTY LIMITED
REGISTER DATE 28 FEBRUARY 2019
ISSUED SHARE CAPITAL 1 384 039 225

SHAREHOLDER SPREAD	No of Shareholdings	%	No of Shares	%
1 - 1 000 shares	103	19.19	36 654	0.00
1 001 - 10 000 shares	127	23.64	520 150	0.04
10 001 - 100 000 shares	156	29.05	5 909 614	0.43
100 001 - 1 000 000 shares	103	19.18	34 927 814	2.50
1 000 001 shares and over	48	8.94	1 342 644 993	97.03
Totals	**537**	**100.00**	**1 384 039 225**	**100.00**

PUBLIC / NON-PUBLIC SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Non-Public Shareholders	**5**	**0.93**	**1 093 233 849**	**78.99**
Directors and Associates	4		643 038 614	
Holding 10% or more	1		450 195 235	
Public Shareholders	**532**	**99.07**	**290 805 376**	**21.01**
Totals	**537**	**100.00**	**1 384 039 225**	**100.00**

Beneficial shareholders holding 3% or more	No of Shares	%
Holistic Remedies (Pty) Limited	450 195 235	32.53
SA Madiba Investments (Pty) Limited	303 825 312	21.95
Unihold Group (Pty) Limited	144 791 667	10.46
Brits Engineering Industries (Pty) Limited	100 000 000	7.23
Colyn, E	57 000 000	4.12
Totals	**1 055 812 214**	76.29

Directors	No of Shares	%
Van der Merwe, WP	341 169 447	24.65
Colyn, E	57 000 000	4.12
Harlow, GD	144 791 667	10.46
Schoeman, TJ	77 500	0.01
Totals	**543 038 614**	**39.24**

SHAREHOLDER’S DIARY

Financial year end	29 February 2020

REPORTS AND ANNOUNCEMENTS

Integrated report	30 June 2020
Interim report	30 November 2020
Annual general meeting	August 2020

NOTICE OF ANNUAL GENERAL MEETING

IMBALIE BEAUTY LIMITED
(Incorporated in the Republic of South Africa)
Registration number 2003/025374/06
Share code: ILE ISIN: ZAE000165239
(Imbalie Beauty or the Company or the Group)

NOTICE IS HEREBY GIVEN that the annual general meeting (AGM) of shareholders of Imbalie Beauty will be held in the board room, 23 Saddle Drive, Woodmead Office Park, Woodmead, 2191, Gauteng at 09h00 on Wednesday, 28 August 2019 or any other adjourned or postponed time determined in accordance with the provisions of Sections 64(4) or 64(11)(a)(i) of the Companies Act.

To ensure that the registration procedures are completed by 09h00, please register for the AGM from 08h30.

The purpose of the AGM is:

To present to shareholders the annual financial statements of the Company and its subsidiaries for the year ended 28 February 2019, a summarised form of which was sent to shareholders with this Notice;

For the Chairman of the Audit and Risk Committee to present to shareholders a report on the matters within the committee's mandate;

For the Chairman of the Social and Ethics Committee to present to shareholders a report on the matters within the committee's mandate;

To consider all and any matters of the Company as may lawfully be dealt with at the AGM; and

To consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions of shareholders set out hereunder in the manner required by the Companies Act.

A copy of the complete annual financial statements can be found on the Company's website www.imbaliebeauty.co.za

ORDINARY RESOLUTION 1 (1.1 and 1.2)

RE-ELECTION OF NON-EXECUTIVE DIRECTORS

RESOLVED THAT, the non-executive directors listed in ordinary resolutions 1.1 and 1.2 shall retire from office at the AGM in accordance with the Company's Memorandum of Incorporation (MOI) and, being eligible and having offered themselves for re-election, each by way of separate resolution, be re-elected as directors of the Company with immediate effect:

1.1 GD Harlow

1.2 BJT Shongwe

The percentage of voting rights required to pass each of these resolutions is 50% plus one vote of the voting rights exercised.

Motivation for ordinary resolutions 1.1 and 1.2

In terms of the MOI, one-third of the non-executive directors are required to retire at each AGM of the Company. There are four non-executive directors of Imbalie Beauty as at 30 June 2019 and accordingly, two non-executive directors are required to retire at the AGM. In terms of the MOI, the non-executive directors to retire at the AGM must be selected from those directors who have served longest in time since their last election or re-election. Applying these requirements, the non-executive directors listed in ordinary resolutions 1.1 and 1.2 are required to retire at the AGM. The non-executive directors listed in ordinary resolutions 1.1 and 1.2 are entitled and have offered themselves for re-election.

The Board of Directors recommends to shareholders the re-election of the non-executive directors.

ORDINARY RESOLUTION 2 (2.1 to 2.3)

RE-APPOINTMENT AND APPOINTMENT OF AUDIT AND RISK COMMITTEE MEMBERS

RESOLVED THAT, the following non-executive directors, each by way of separate resolution, be re-appointed as members of the Company's Audit and Risk Committee from the conclusion of the AGM until the next annual general meeting of the Company:

2.1 TJ Schoeman (Chairman)

2.2 GD Harlow

2.3 WP van der Merwe

Mr Harlow will be reappointed, subject to his re-election as a director pursuant to ordinary resolution 1.1.

Percentage of voting rights required to pass each of these resolutions is 50% plus one vote of the voting rights exercised.

Motivation for ordinary resolutions 2.1 to 2.3

Ordinary resolutions 2.1 to 2.3 are proposed to appoint members of the Audit and Risk Committee in accordance with the guidelines of King IV and the requirements of the Companies Act. In terms of the requirements, all members of the Audit and Risk Committee should be independent non-executive directors of the Company.

Furthermore, in terms of the Companies Regulations 2011, at least one-third of the members of the Audit and Risk Committee at any time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Mindful of the foregoing, the Nominations Committee recommended to the Board that the aforementioned persons be members of the Audit and Risk Committee and the Board has approved such recommendations.

ORDINARY RESOLUTION 3

RE-APPOINTMENT OF INDEPENDENT EXTERNAL AUDITORS

RESOLVED THAT Nexia SAB&T (with Tertius de Kock as the Audit Partner) be and are hereby elected as the Company's independent external auditors for the ensuing financial year, to hold office until the Company's next AGM, as approved by the Audit and Risk Committee and recommended to shareholders.

It is recorded that Tertius de Kock has served as Audit Partner since 2016 and this will be his 4th reporting period.

Percentage of voting rights required to pass this resolution is 50% plus one vote of the voting rights exercised.

Motivation for ordinary resolution 3

The Audit and Risk Committee considers the independence of the auditor, Nexia SAB&T, in accordance with Section 94(8) of the Companies Act, annually. The Committee also considered whether Nexia SAB&T is independent, as prescribed by the Independent Regulatory Board for Auditors established by the Auditing Profession Act and was satisfied that Nexia SAB&T was independent. The Audit and Risk Committee nominates Nexia SAB&T for reappointment as registered auditor of the Company in accordance with Section 94(7)(a) of the Companies Act with Tertius de Kock as lead audit partner.

Furthermore, the Audit and Risk Committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that Nexia SAB&T, the reporting accountant and the aforementioned individual auditor are accredited and is recorded on the JSE List of Auditors and their advisors, in compliance with Section 22 of the JSE Listings Requirements. Nexia SAB&T has indicated its willingness to continue in office as auditors of the Company and ordinary resolution 3 proposes the re-appointment of that firm as the Company's auditor until the conclusion of the next annual general meeting of the Company.

ORDINARY RESOLUTION 4

GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE ORDINARY SHARES

RESOLVED THAT, subject to the provisions of the Companies Act and the JSE Listings Requirements, from time to time, the directors of the Company be and are hereby authorised, as a general authority and approval, to allot and issue, for such purposes and on such terms as they may in their discretion determine, ordinary shares in the authorised but unissued share capital of the Company.

Percentage of voting rights required to pass this resolution is 50% plus one vote of the voting rights exercised.

Motivation for ordinary resolution 4

The reason for proposing ordinary resolution 4 is to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of the Company.

ORDINARY RESOLUTION 5

NON-BINDING ADVISORY ENDORSEMENT OF THE IMBALIE BEAUTY REMUNERATION PHILOSOPHY

RESOLVED THAT, by way of a non-binding advisory vote, the remuneration philosophy of the Company, as outlined on the Remuneration Report on pages 16 to 17, is endorsed.

As this is a non-binding advisory vote, no minimum voting threshold is required. Nevertheless, for record purposes, in terms of the King IV Report on Governance for South Africa, 2016 more than 75% of the voting rights exercised on this resolution must be cast in favour of ordinary resolution number 5 for it to be adopted. This non-binding advisory vote allows shareholders to express their views on the remuneration policies adopted by the Company. In the event that 25% or more of the voting rights exercised are cast against this resolution, the Board of Directors will invite dissenting shareholders to engage with the Remuneration Committee on their concerns in line with the provisions of the JSE Listings Requirements.

ORDINARY RESOLUTION 6

RESOLVED THAT, by way of a non-binding advisory vote, the remuneration implementation report of the Company, as outlined on pages 16 to 17 of the Integrated Annual Report, is endorsed.

As this is a non-binding advisory vote, no minimum voting threshold is required. Nevertheless, for record purposes, in terms of the King Report on Governance for South Africa more than 75% of the voting rights exercised on this resolution must be cast in favour of ordinary resolution number 6 for it to be adopted. This non-binding advisory vote allows shareholders to express their views on the remuneration implementation report adopted by the Company. As set out in the JSE Listings Requirements, if 25% or more of the voting rights exercised are cast against this resolution, the Board of Directors will invite dissenting shareholders to engage with the Remuneration Committee on their concerns.

Motivation for ordinary resolutions 5 and 6

Reason for advisory endorsement: In terms of King IV, a non-binding advisory vote should be obtained from shareholders on the Company's remuneration policy. The vote allows shareholders to express their views on the remuneration policies adopted and their implementation but will not be binding on the Company.

The Company's remuneration philosophy is designed to deliver the key principles of its remuneration which are meant to:

influence and reward behaviour and performance of employees and executives, which align the strategic goals of the organisation, shareholders and employees;

ensure that performance metrics are demanding, sustainable and cover all aspects of the business, including key financial and non-financial drivers;

structure compensation to ensure that Imbalie Beauty's values are maintained and that the correct governance frameworks are applied across its compensation decisions and practices;

apply the appropriate remuneration benchmarks; and

provide competitive rewards to attract, motivate and retain highly skilled executives, management and staff vital to the ongoing success of the organisation.

SPECIAL RESOLUTION 1

REMUNERATION OF NON-EXECUTIVE DIRECTORS

RESOLVED THAT the remuneration payable to the non-executive directors, as recommended by the Remuneration Committee and set out below, be and is hereby approved until the next annual general meeting:

	For Approval at 2019 AGM Year ending 29 February 2020 R
Chairman of the Board – per month	11 000
Member of the Board – per month	8 250
Ad-hoc – per hour	1 650

Percentage of voting rights required to pass special resolution 1 is 75% of the voting rights exercised.

Motivation for special resolution 1

In terms of Section 66(8) and (9) of the Companies Act, remuneration may only be paid to directors for their service as directors in accordance with a special resolution approved by the shareholders and if not prohibited in a Company's MOI. Imbalie Beauty's MOI does not prohibit the payment of such remuneration.

The remuneration sought to be approved is to be paid to the non-executive directors, as they are not remunerated as employees of the Company, as in the case of the executive directors.

Remuneration is VAT exclusive where/if applicable.

SPECIAL RESOLUTION 2

GENERAL AUTHORITY TO ACQUIRE THE COMPANY'S OWN SHARES

RESOLVED THAT, pursuant to the Company's MOI and subject to the Companies Act and the JSE Listings Requirements, the Company or any subsidiary of the Company, be and is hereby authorised, by way of a general approval, from time to time, to acquire ordinary shares issued by the Company, provided that:

any such acquisition of shares shall be effected through the order book operated by the JSE trading system or on the open market of the Johannesburg Stock Exchange, subject to the approval of the JSE, as necessary, in either event without any prior understanding or arrangement between the Company and the counterparty;

this approval shall be valid only until the next annual general meeting of the Company, or for 15 months from the date of passing of this resolution, whichever period is shorter;

shares issued by the Company may not be acquired at a price greater than 10% above the weighted average of the market value of the Company's shares for the five business days immediately preceding the date of the acquisition being effected;

at any point in time, the Company only appoints one agent to effect any acquisitions on its behalf;

the Board has resolved to authorise the acquisition, that the Company and its subsidiaries will satisfy the solvency and liquidity test immediately after the acquisition and that since the test was done there have been no material changes to the financial position of the Group;

the Company may not, in any one financial year, acquire in excess of 20% of the Company's issued ordinary share capital as at the date of passing of this special resolution 2 or in excess of 10% of such issued ordinary shares capital in the aggregate if such shares are to be held as treasury shares;

an announcement containing details of such acquisitions will be published as soon as the Company and/or the subsidiaries, collectively, shall have acquired ordinary shares issued by the Company constituting, on a cumulative basis, not less than 3% of the number of ordinary shares in the Company in issue as at the date of this approval;

and an announcement containing details of such acquisitions will be published in respect of each subsequent acquisition by either the Company and/or by the subsidiaries, collectively, of ordinary shares issued by the Company, constituting, on a cumulative basis, not less than 3% of the number of ordinary shares in the Company in issue as at the date of this approval;

the acquisition of shares by the Company or its subsidiaries may not be effected during a prohibited period, as defined in the JSE Listings Requirements, unless there is in place a repurchase programme as contemplated in the JSE Listings Requirements;

the Company's subsidiaries shall not be entitled to acquire ordinary shares issued by the Company if the acquisition of shares will result in them holding, on a cumulative basis, more than 10% of the number of ordinary shares in issue in the Company; and

no voting rights attached to the shares acquired by the Company's subsidiaries may be exercised while the shares are held by them and they remain subsidiaries of the Company.

Percentage of voting rights required to pass this resolution is 75% of the voting rights exercised.

Motivation for special resolution 2

The reason for special resolution 2 is to grant a general authority for the acquisition of the Company's ordinary shares by the Company, or by a subsidiary or subsidiaries of the Company. The effect of special resolution 2, if passed, will be to authorise the Company or any of its subsidiaries to acquire ordinary shares issued by the Company on the JSE subject to the provisions of the Company's MOI, Companies Act and the JSE Listings Requirements.

The directors of Imbalie Beauty believe that the Company should retain the flexibility to act if future acquisitions of its shares were considered desirable and in the best interests of the Company and its shareholders.

The directors will ensure at the time of the commencement of any acquisitions of its shares, after considering the effect of acquisitions, up to the maximum limit, of the Company's issued ordinary shares, that they are of the opinion that if such acquisitions were implemented:

the Company and the Group would be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice issued in respect of the AGM;

the assets of the Company and the Group would be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice issued in respect of the AGM. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;

the ordinary capital and reserves of the Company and the group would be adequate for ordinary business purposes for a period of 12 months after the date of the notice issued in respect of the AGM; and

the working capital of the Company and the group would be adequate in the ordinary course of business for a period of 12 months after the date of the notice issued in respect of the AGM.

ORDINARY RESOLUTION 7

GENERAL AUTHORITY TO DIRECTORS TO ISSUE FOR CASH, THOSE ORDINARY SHARES WHICH THE DIRECTORS ARE AUTHORISED TO ALLOT AND ISSUE IN TERMS OF ORDINARY RESOLUTION 4

RESOLVED THAT, the directors of the Company be and are hereby authorised, in accordance with the Companies Act and the JSE Listings Requirements, to allot and issue for cash, on such terms and conditions as they may deem fit, all or any of the ordinary shares in the authorised but unissued share capital of the Company, which they shall have been authorised to allot and issue in terms of ordinary resolution 4, subject to the following conditions:

This authority is valid until the Company's next annual general meeting, provided that it will not extend beyond 15 months from the date that this authority is given;

Any such issue will only be made to 'public shareholders' as defined in the JSE Listings Requirements and not to related parties, unless the JSE otherwise agrees;

The number of shares issued for cash will not in aggregate exceed 50% of the Company's listed ordinary shares (excluding treasury shares) as at 5 July 2019, such number being 692 019 612 ordinary shares in the Company's issued share capital;

The maximum discount at which the shares may be issued is 10% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed.

Any ordinary shares issued under the authority during the period contemplated in the first bullet above must be deducted from such number in the preceding bullet; and

In the event of a sub-division or consolidation of issued ordinary shares during the period contemplated in the first bullet above, the existing authority must be adjusted accordingly to represent the same allocation ratio.

Percentage of voting rights required to pass this resolution is 75% plus one vote of the voting rights exercised.

Motivation for ordinary resolution 7

The reason for proposing ordinary resolution 7 is that the directors consider it advantageous to have the authority to issue ordinary shares for cash to enable the Company to take advantage of any business opportunity which might arise in the future.

At present, the directors have no specific intention to use this authority, and the authority will thus only be used if circumstances are appropriate.

It should be noted that this authority relates only to those ordinary shares which the directors are authorised to allot and issue in terms of ordinary resolution 4 and is not intended to (nor does it) grant the directors authority to issue ordinary shares for cash over and above, and in addition to, the ordinary shares which the directors are authorised to allot and issue in terms of ordinary resolution 4, when ordinary shares are issued for such purposes and on such terms as the directors may deem fit.

SPECIAL RESOLUTION 3

GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT

RESOLVED THAT, to the extent required by the Companies Act, that the Board may, subject to compliance with the requirements of the Company's MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in Sections 44 and 45 of the Companies Act, including by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, for such amounts and on such terms as the Board may determine. This authority will expire on the second anniversary of the date on which this special resolution is adopted, unless renewed prior thereto.

Percentage of voting rights required to pass this resolution is 75% of the voting rights exercised.

Motivation for special resolution 3

Section 45 applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, and to a person related to any such company, corporation or member.

Section 44 of the Companies Act may also apply to the financial assistance so provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, or a person related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or inter-related company.

Both Sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the Board is satisfied that:

immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in the Companies Act); and

the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

As part of the normal conduct of the business of the Company and its subsidiaries or associates ("Imbalie Beauty Group"), the Company, where necessary, usually provides guarantees and other support undertakings to third parties on behalf of its local and foreign subsidiaries and joint ventures or partnerships in which the Company or members of the Imbalie Beauty Group have an interest. This is particularly so where funding is raised by the foreign subsidiaries of the Company, whether by way of borrowings or the issue of bonds or otherwise, for the purposes of the conduct of their operations. The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with Sections 44 and 45 of the Companies Act. Furthermore, it may be necessary for the Company to provide financial assistance to any of its present or future subsidiaries, and/or to any related or inter-related company or entity and/or to a person related to any such company or entity, to subscribe for options or securities of the Company or another company related or interrelated to it. Under the Companies Act, the Company will however require the special resolution referred to above to be adopted.

It is difficult to foresee the exact details of financial assistance that the Company may be required to provide over the upcoming months. It is essential however that the Company is able to organise effectively its internal financial administration. For these reasons, it is necessary to obtain the approval of shareholders as set out in special resolution 3.

It should be noted that this resolution does not authorise financial assistance to a director or a prescribed officer of the Company or any company or person related to such a director or prescribed officer.

ORDINARY RESOLUTION 8

DIRECTORS' AUTHORITY TO IMPLEMENT SPECIAL AND ORDINARY RESOLUTIONS

RESOLVED THAT, each director of the Company or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting.

Percentage of voting rights required to pass this resolution is 50% plus one vote of the voting rights exercised.

Motivation for ordinary resolution 8

This resolution is to provide the directors and company secretary with the necessary authority to do all things necessary to act under or implement the decisions and resolutions passed at this AGM.

Further Disclosure

In terms of paragraph 11.26 of the JSE Listings Requirements, the following information is disclosed in the annual financial statements:

Major shareholders of the Company;

Material change statement; and

Share capital of the Company.

Directors' responsibility statement

The directors, whose names appear in the integrated report, collectively and individually accept full responsibility for the accuracy of the information given in 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 this Notice contains all information required by law and the JSE Listings Requirements.

NOTICE OF ANNUAL GENERAL MEETING

VOTING AND PROXIES AND RECORD DATES

Instructions

The Board has determined, in accordance with Sections 59(1)(a) and (b) of the Companies Act, that:

The record date for the purposes of receiving notice of the AGM (being the date on which the shareholder must be registered in the Company's register of shareholders to receive notice of the AGM) shall be the close of business on Friday, 28 June 2019 (Notice Record Date); and

The record date for participating in and voting at the AGM (being the date on which a shareholder must be registered in the Company's register of shareholders to participate in and vote at the AGM) shall be the close of business on Friday, 23 August 2019 (Voting Record Date). Accordingly, the last day to trade in Imbalie Beauty shares to be eligible to participate in and vote at the AGM is Tuesday, 20 August 2019.

The quorum necessary for the commencement of a shareholders' meeting shall be sufficient persons present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the shareholders' meeting, but the shareholders' meeting may not begin unless in addition at least 3 (three) persons entitled to vote are present at the meeting.

A matter to be decided at the shareholders' meeting may not begin to be considered unless those who fulfilled the quorum requirements of the MOI, continue to be present. If a resolution is proposed to meet the requirements of the JSE, notwithstanding that the holders of securities not listed on the JSE shall be entitled to be counted in the quorum as a matter of law, they shall not be taken into account for the purposes of determining whether or not the quorum requirements of the JSE have been attained. Voting shall be on a poll and not by a show of hands. On a poll, every shareholder present in person or represented by proxy shall have one vote for every ordinary share held by such shareholder.

Certificated Shareholders or Own-name Dematerialised Shareholders may attend and vote at the AGM, or alternatively appoint a proxy to attend, speak and, in respect of the applicable ordinary and special resolutions, vote in their stead by completing the attached form of proxy and returning it to the Transfer Secretary at the address given in the annual integrated report to be received by no later than 08h00 on Monday, 26 August 2019 for administrative purposes or thereafter to the Company by hand by no later than 09h00, the commencement of the AGM, on Wednesday, 28 August 2019.

Shareholders who have already dematerialized their Imbalie Beauty shares through a CSDP or broker and who have not elected "own-name" registration in the sub-register maintained by a CSDP (i.e. shareholders who have not dematerialized their shareholding through 4 Africa Exchange Registry Proprietary Limited cannot qualify as having elected "own-name" registration), and who wish to attend the annual general meeting and wish to vote by way of proxy, may provide their CSDP or broker with their instructions in terms of the custody agreement entered into by them and their CSDP or broker.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of Imbalie Beauty) to attend, speak and vote in place of that shareholder at the AGM.

Shares held by a share trust or scheme will not have their votes taken into account for any JSE regulated resolutions. All meeting participants will be required to provide reasonable identification acceptable to the Chairman of the meeting. The Company will regard presentation of an original of a meeting participant's valid driver's license, identity document or passport to be acceptable identification.

Shareholders or their proxies may participate in the meeting by way of telephone conference call, provided that if they wish to do so, they:

Must contact the Company Secretary by e-mail at the address paige@rspconsulting.co.za by no later than 09h00 on Tuesday, 27 August 2019, to obtain a pin number and dial-in details for the conference call;

Will be required to provide reasonable acceptable identification; and

Will be billed separately by their own telephone service provider for the telephone call to participate in the meeting.

By order of the Board

Paige Atkins
Company Secretary

For and on behalf of Imbalie Beauty Limited

Johannesburg
5 July 2019

FORM OF PROXY

IMBALIE BEAUTY LIMITED
(Incorporated in the Republic of South Africa)
Registration number 2003/025374/06
Share code: ILE ISIN: ZAE000165239
("Imbalie Beauty" or the "Company" or the "Group")

To be completed by certificated shareholders and dematerialised shareholders with "own name" registration only.

For completion by registered members of the Company unable to attend the annual general meeting of the Company on Wednesday, 28 August 2019 at 09h00 at the Company's registered office located at 23 Saddle Drive, Woodmead Office Park, Woodmead, 2191, Gauteng or at any adjournment thereof.

I/We

Of (address)

Tel (work) (home) (mobile)

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:

	For	**Against**	**Abstain**
Ordinary Resolution 1.1: To re-elect GD Harlow as a non-executive director			
Ordinary Resolution 1.2: To re-elect BJT Shongwe as a non-executive director			
Ordinary Resolution 2.1: To re-elect TJ Schoeman as Chairman of the Audit and Risk Committee			
Ordinary Resolution 2.2: To re-appoint GD Harlow as a member of the Audit and Risk Committee			
Ordinary Resolution 2.3: To re-appoint WP van der Merwe as a member of the Audit and Risk Committee			
Ordinary Resolution 3: To approve the re-appointment of the external auditors			
Ordinary Resolution 4: To authorise directors to allot and issue unissued ordinary shares			
Ordinary Resolution 5: To approve the Group remuneration policy			
Ordinary Resolution 6: To approve the Remuneration implementation report			
Special Resolution 1: To approve the non-executive directors' remuneration			
Special Resolution 2: General authority to acquire the company's own shares			
Ordinary Resolution 7: To authorise directors to allot and issue unissued ordinary shares for cash			
Special Resolution 3: General authority to provide financial assistance in terms of Section 44 and 45			
Ordinary Resolution 8: General authority			

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.

Signed at this day of 2019

Signature

Assisted by me, where applicable (name and signature)

Please read the notes on the reverse side hereof

NOTES TO THE PROXY FORM

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairman of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty-eight hours before the commencement of the AGM.
6. If a shareholder does not indicate on this form that his/ her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the chairman of the AGM, to vote on such shareholder's 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 the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of ordinary shares:
    - 12.1. any one holder may sign the form of proxy;
    - 12.2. the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

13. Forms of proxy should be lodged with or mailed to:

    Hand deliveries to:
    4 Africa Exchange Registry Proprietary Limited
    Cedar Woods House
    Ballywoods Office Park
    33 Ballyclare Drive
    Bryanston , 2191
    Gauteng
    South Africa
    admin@4aregistry.co.za

    Postal deliveries to:
    Postnet Suite 532
    Private Bag X51
    Bryanston, 2021
    Gauteng
    South Africa

    to be received by no later than 09h00 on Wednesday, 28 August 2019.

14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

    - A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid until the end of the relevant shareholders' meeting.
    - A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.
    - The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
    - The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
    - If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so. Attention is also drawn to the "Notes to proxy". The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting

    Attention is also drawn to the "Notes to proxy". The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting

CORPORATE INFORMATION

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

REGISTERED ADDRESS
Imbalie Beauty Boulevard
23 Saddle Drive
Woodmead Office Park
Woodmead
2191
Gauteng
South Africa
(P O Box 8833, Centurion, 0046, Gauteng, South Africa)
Telephone: +27 (0)11 086 9800

DIRECTORS
Mr BJT Shongwe (Independent non-executive Chairman)
Mr TJ Schoeman (Independent non-executive Director)
Mr GD Harlow (Non-executive Director)
Mr WP van der Merwe (Non-executive Director)
Ms E Colyn (CEO)
Ms CW de Jager (Finance Director)

COMPANY SECRETARY
Paige Atkins
(P O Box 3484, Rivonia, 2128, Gauteng, South Africa)
Tel: +27 (0)83 289 6181

TRANSFER SECRETARIES
4 Africa Exchange Registry Proprietary Limited
Cedar Woods House
Ballywoods Office Park
33 Ballyclare Drive
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2191
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South Africa
+27 (0)11 100 8352
admin@4aregistry.co.za
(Postnet Suite 532, Private Bag X51, Bryanston, 2021, Gauteng, South Africa)

BANKERS
Absa Bank Limited

ATTORNEYS
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Registration number 2004/034346/21
Block 6 Albury Office Park
Corner Albury Road and Jan Smuts Avenue
Hyde Park
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Gauteng
South Africa
(P O Box 412308, Craighall, 2024, Gauteng, South Africa)
Telephone: +27 (0)11 325 5530

DESIGNATED ADVISOR
Exchange Sponsors 2008 (Pty) Limited
Registration number 2008/019553/07
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South Africa
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Telephone: +27 (0)11 880 2113

AUDITORS
Nexia SAB&T
Registration number 1997/018869/21
119 Witch-Hazel Avenue
Highveld Technopark
Centurion
0157

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