skinwell

investing in wellness

Skinwell Holdings Limited
ANNUAL REPORT
2009

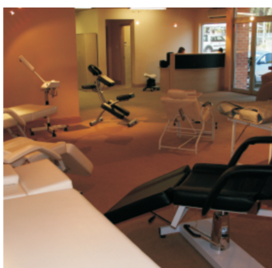

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Table of Contents

Skinwell at a Glance 2

Board of Directors 4

Report of the Chairman and Chief Executive Officer 5

Corporate Governance Report 7

Financial Statements 13

Shareholder Analysis 94

Notice of Annual General Meeting 95

Form of Proxy 100

Administration 102

Skinwell at a Glance

Skinwell is a well-established manufacturer, franchisor and retailer of skincare products and services. The Group was established 12 years ago when Mr Wessel de Wet (CEO) and Mr Charles Moolman (Chairman) acquired the Placécol product formulations from a pharmacist in Ermelo.

The continued growth of the Group has resulted in Skinwell establishing a vertically integrated business from its own product supply through its manufacturing facility (CW Pharmaceuticals), incorporating its own Placécol Beauty Institute, in order to gain access to qualified beauty therapists to start its own equipment supply through Salonquip in order to gain access to unique skincare and beauty equipment.

Skinwell's main object is to provide good quality effective skincare solutions and skincare treatments to the market at affordable prices. The Group has grown from strength to strength in terms of its geographical footprint and operates the business through three wholly-owned subsidiaries, namely Placécol Cosmetics, CW Pharmaceuticals and Dream Nails & Body ("DNB").

1. Brands

Placécol

Placécol provides a holistic, one-stop offering to the health and beauty industry.

What makes Placécol's offering unique and different from other skincare providers is the use of Soft Laser and other specialised beauty equipment by qualified beauty therapists, combined with the use of the Placécol skincare product range, which provides the client with an immediate and visible improvement of the skin.

Placécol has grown the footprint of its own brands aggressively in an extremely competitive environment. Placécol's national distribution network as at 28 February 2009 is set out below:

Distribution channel	Approx number of outlets
Pharmacies	200
Independent retailers	96
Placécol and DNB franchises and company owned outlets	111
	407

DNB

DNB conducts business as a franchisor of DNB salons in the main and at 28 February 2009 had a national franchise network of 53 outlets. Since the acquisition of DNB in July 2007, Skinwell has revamped the brand to be more contemporary and also extended the service offering to include body massages.

DNB also offers accredited training for nail technicians. DNB retails quality nail products to its own franchises and other nail salons throughout South Africa and the Middle East through its exclusive five year NSI distributorship agreement.

2. Training

Placécol Beauty Institute

To meet the continuous demand for qualified beauty therapists, Skinwell established the Placécol Beauty Institute in 2005. The facility has an enrolment capacity of more than 200 students who, on completion of their two year course, are eligible to write the internationally-recognised ITEC and SAAHSP diploma exams.

The Institute is an ultra-modern facility where tuition is provided by the best and most experienced lecturers

available in the industry. The Institute is also used to train qualified therapists to ensure they are conversant in the use of specialised equipment and sales techniques and also to ensure that they have the required product and business knowledge. Skinwell is one of the largest employers of beauty therapists in the country.

3. Distribution and wholesale

Salonquip

As a result of the Group's existing utilisation of equipment and consumption of consumables, Salonquip is one of the largest purchasers of salon equipment in the beauty industry. Salonquip also services independent salons in South Africa.

To maximise the critical mass, the Group sources and imports its requirements directly through Salonquip, which offers the following benefits:

- sources and supplies equipment, consumables, computers and software (which ensures standardisation throughout the Group);
- sales to other salons and hairdressers;
- ability to offer the industry a "One-Stop" concept;
- provides products manufactured by CW Pharmaceuticals to both beauty salons and hair care salons;
- national distribution on a weekly basis, and
- provides "ready to operate" salons (having already built and installed numerous Placécol and DNB salons, Skinwell will be one of the leaders in the design and installation of beauty salons in the industry).

4. Manufacturing

CW Pharmaceuticals

CW Pharmaceuticals manufactures the Placécol brand, a high quality, well-researched skincare product range which is used uniquely in conjunction with soft laser technology. The manufacture of high value, low volume third party contract manufacturing work is also conducted by CW Pharmaceuticals in order to utilise the available manufacturing capacity.

The current production at the manufacturing facility is approximately 50 000 to 70 000 units per month, excluding promotional packs. The manufacturing facility has a production capacity of 200 000 units per month and is currently only utilising 35% of its capacity.

The manufacturing facility has its own in-house laboratory and all products are manufactured under stringent batch controls utilising mainly internationally developed ingredients. Before new products are launched, clinical trials are performed. Tests are conducted by an accredited laboratory following approved testing procedures. The clinical trials are performed over a period of time where intensive monitoring takes place on volunteers.

Board of Directors

Executive directors:

Mr Charles Moolman (Executive Chairperson and Pharmaceutical Director) BPharm
Charles matriculated in 1974 in Ermelo and distinguished himself as a leader in the areas of sport, culture and management. He completed a BPharm degree at the University of Potchefstroom and fulfilled a leadership role in Pharmaceutical Students' Federations in South Africa. From1984 he managed Pharmachem Pharmacy in Ermelo in a partnership and became sole owner in 1990. During this time he was actively involved in the retail pharmacy industry, registered with the South African Pharmacy Board and Pharmaceutical Society. During this period he served in various leadership roles in the community and was a pivotal player in the formation of the Ermelo Development Forum in 1992, where he also acted as chairman. He was elected as a councillor of the Ermelo Town Council in 1995 and resigned as a result of relocation to Centurion in 1999.

Together with Wessel de Wet, he founded Placécol Cosmetics in 1997 and is responsible for the research and development, manufacturing and training aspects of the Placécol brand and range of products, as well as the management of some of the affiliated companies in the Skinwell group.

Mr Wessel de Wet (Chief Executive Officer) BCom
After completing his military service, Wessel managed a family agriculture business in Ermelo. His uncompromising levels of excellence and high standards resulted in the expansion of this business and it being recognised as one of the leading agricultural produce suppliers in the region at that time.

In 1997 in pursuit of greater challenges, he joined forces with Charles Moolman to acquire the rights to Placécol. Under their leadership the original Placécol Cosmetics has evolved into one of South Africa's pivotal skin care groups.

Mr Wikus Rudolph (Financial Director) CA (SA)
Wikus Rudolph qualified as a Chartered Accountant in 1997 and worked since 1998 in various financial positions commencing his career as a project accountant within the Tongaat-Hulett Group until he resigned as the Financial Director of the Eco-Bat Group to join Skinwell as Financial Director.

Non-executive directors:

Ms Constance (Connie) Nkosi (Independent Non-Executive Director), MBA (Wits Business School), BA in Psychology and a diploma in Management in the Service Industry from the Wharton School of Business in the USA
Connie was appointed to the board of directors in August 2008. She brings a wealth of experience as a business strategist and BEE policy advisor. She is one of the founding members of the Black Management Forum and serves on the boards of Pick 'n Pay Limited, Spescom Limited and Protech Khuthele Holdings Limited as a non-executive director. Connie is also Executive Chair for Lidonga Group Holdings.

Mr Theo Schoeman (Independent Non-Executive Director), B.Com (Computer Science), B.Com (Hons. Accounting), CTA, CA (SA)
Theo is a registered Chartered Accountant (SA) and served articles with Coopers & Lybrand. He has a corporate finance background and his wide business experience encompasses, inter alia, industry consolidation and the set-up of new businesses, involvement with new listings as well as international experience. He received the “Centurion Businessman of the Year” award in 2005. He is the Chairman of the company's Audit Committee.

Report of the Chairman and Chief Executive Officer

Introduction
With more than 100 Placécol and DNB stores in all major cities and towns as well as in retail outlets throughout the country, Placécol has continued on the path of a leading cosmetics company in South Africa in terms of services and product sales.

The integrated platform, consisting of CW Pharmaceuticals where quality products are researched, formulated and manufactured, The Placécol Institute where beauty therapists and Placécol sales staff are trained as well as Salonquip that sources globally and supplies state of the art beauty equipment and consumables, again contributed to the operations of the above facets of the company.

The 2009 financial year was indeed challenging and exciting. As the largest beauty franchisor in the country with the number of franchisees exceeding 100, the dynamics of such a footprint was a challenge to infrastructure as well as administration and financial services. It was apparent that the financial structure had difficulty in coping with the demand and although the staff complement was increased and systems introduced, it was only towards the end of the financial year that the standard of information supplied neared the required level in terms of availability-on-time and accuracy.

Name change
The name of the company was changed on 27 July 2009 from Placécol Holdings Limited to Skinwell Holdings Limited in order to more accurately reflect the nature of its multi-brand owner business and to create a platform for the future growth of the company.

Financial overview
The company experienced a slight decrease in revenue, mainly as a result of the re-alignment of its strategy to hold fewer company-owned stores and to become a franchisor, coupled with the fact that potential new franchisees found it extremely difficult to obtain financing from financial institutions as these institutions implemented very strict fiscal policies. The latter also had a negative impact on the number of students who enrolled at the Institute.

With an operating structure geared for growth, the decline in revenue placed huge pressure on the company to rectify the overhead cost structure in order to limit losses. Unfortunately, restructuring takes time to implement and the effect of actions taken by management will only bear fruit in the following financial year and a declared loss, although the first since inception of the company, was of huge concern to management and lead to several action plans to prevent a re-occurrence thereof.

The loss resulted in the repurchase and cancellation of a substantial percentage of the shares of the original vendors. However, through their energetic approach to address the deficit and through their commitment to the company, it is expected that the loss will be reversed into a profit in the 2010 financial year. The executive directors have accepted a reduction of more than 40% in remuneration to set an example to the company's staff as well as to lead a focussed effort to achieve the goals set in terms of costs saving.

In spite of the pressure on the spendable income of the consumer base, the retail product sales remained reasonably constant which indicates that Placécol products are well-supported and gaining ground on imported rivals.

Directorate
Mr Richard du Toit resigned as chief financial officer on 3 October 2008 and was replaced by Mr Sean Morgan, who resigned from the board on 2 July 2009 and was replaced by Mr Wikus Rudolph in July 2009. The board is confident that Mr Wikus Rudolph will add significant value in his new role and help drive growth going forward.

During January 2009, Ms Susan du Toit resigned as a non-executive director and chairman of the Audit and Risk Committee due to personal reasons. The board was privileged to appoint Mr Theo Schoeman as an independent non-executive director in her place and he has already made a meaningful contribution to the board in the short period of time since his appointment.

Subsequent events
In July 2009, the company announced a claw-back rights offer ("claw-back rights offer") to raise approximately R6.9 million. This corporate action was necessitated due to the continued delay experienced by the company in receiving payments from financial institutions on the disposal of company-owned stores to new franchisees which led to the deterioration of the company's short-term cash flow position.

A further 137 767 451 new ordinary shares will be issued in terms of the claw-back offer to Skinwell ordinary shareholders at a subscription price of R0.05 per claw-back offer share in the ratio of 140 claw-back offer shares for every 100 Skinwell shares held. The proceeds of the claw-back offer will be used mainly for working capital requirements.

Prospects
As a result of the worldwide change in the economic climate and the very challenging trading conditions in South Africa, management has taken a very conservative approach and will focus on reducing operating costs and maintaining revenue. The Group will also focus on its core business activities, namely, a franchisor, retailer and service provider in the health and beauty industry. The viability of non-core operations will be considered on an ongoing basis.

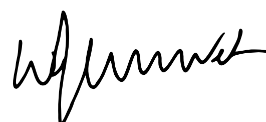
The directors believe that the popularity of the company's brand as well as the footprint of the Placécol and DNB stores countrywide will ensure good growth opportunities in the years ahead. Management is also of the opinion that a renewed focus on brand-building and the franchise concept will ultimately be in the best interest of the Group.

Appreciation
The commitment of the staff and management of all the Group's divisions is appreciated and commended and was a significant factor in Skinwell being able to withstand the negative impact of the current economic climate. To them we personally extend our sincere thanks.

The group recognises the loyal support of its customers, suppliers and loyal consumer base and undertakes to continue to provide services and products of the highest quality at affordable prices, knowing that it provides a South African product for a "Rainbow Nation".

A sincere thank you to our colleagues on the board for their expert guidance of the Group. A special word of thanks to our company secretary and all our advisors for their loyalty and hard work.

Mr Charles Moolman
Executive Chairman



Mr Wessel de Wet
Chief Executive Officer

Corporate Governance Report

Introduction

The board of directors of Skinwell aspires to not only comply with the minimum corporate governance standards, but to improve on these standards where possible. A business culture based on the principles of fairness, honesty and transparency has always been part of the Skinwell way of doing business. For this reason the board of directors fully subscribes to the Code of Corporate Practices and Conduct ("the Code") as contained in the King Report on Corporate Governance for South Africa 2002 ("King II") and is working towards identifying and implementing those governance recommendations that would add real value to the business and all its stakeholders. The company complies in all material aspects with the provisions of the Code unless otherwise indicated in this report. With the imminent release of the King III Report, the board of directors will once again revisit current governance practices and procedures to ensure compliance, where possible, with the recommendations as contained therein.

Board of Directors

The following changes to the board occurred during the year under review:

Appointments:

- Ms Susan du Toit (Appointed 1 August 2008)
- Ms Connie Nkosi (Appointed 25 August 2008)
- Mr Theo Schoeman (Appointed 22 January 2009)
- Mr Sean Morgan (Appointed 3 October 2008)

Resignations:

- Mr Kenny MacKinnon (Resigned 29 April 2008)
- Ms Evelyn Chimombe-Munyoro (Resigned 1 August 2008)
- Ms Thembisa Dingaan (Resigned 1 August 2008)
- Mr Richard du Toit (Resigned 3 October 2008)
- Ms Susan du Toit (Resigned 21 January 2009)

Subsequent the end of the financial year, Mr Sean Morgan resigned and was replaced by Mr Wikus Rupdolph as financial director.

The board consists of two non-executive and three executive directors. At the time of publishing the annual report, the board composition was as follows:

Independent non-executive directors

- Mr Theo Schoeman
- Ms Connie Nkosi

Executive directors

- Mr Charles Moolman (Executive chairman)
- Mr Wessel de Wet (Chief executive officer)
- Mr Wikus Rudolph (Financial director)

Additional information regarding the directors can be found on the following pages of the annual report:

- short curricula vitae – page 4
- remuneration – page 55
- shareholdings – page 21

The board is chaired by an executive chairman, Mr Charles Moolman. The chairman is not independent as recommended by the Code, but in light of the company's current strategic position the board is of the opinion that Mr Charles Moolman was best suited to assume the role as chairman for the foreseeable future. This decision will be reconsidered on a regular basis.

The board charter, as adopted and underwritten by the board, sets out the primary functions of the board as follows:

- retain full and effective control of the Group, setting out clear divisions of responsibility to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making;
- review and approve corporate strategy;
- approve and oversee major capital expenditure, acquisitions and disposals;
- review and approve annual budgets and business plans;
- formal and transparent procedures for appointment to the board;
- monitor operational performance and management;
- determine the Group's purpose and values;
- ensure that the Group complies with sound codes of business behaviour;
- ensure that appropriate control systems are in place for the proper management of risk, financial control and compliance with all laws and regulations;
- appoint the Chief Executive Officer and ensure proper succession planning for executive management;
- regularly identify and monitor key risk areas and the management thereof; and
- to oversee the company's disclosure and communication process.

Quarterly board meetings are held. In addition to the above, the board approved a specific governance work plan to ensure that all governance issues are considered and appropriately dealt with in an annual cycle. Executive directors' service contracts may be terminated with one to three month's notice. The daily management of the Group's affairs is the responsibility of the chief executive officer. In addition to the annual work plan, an approvals framework has also been adopted setting out the respective responsibilities and levels of authority of the board and executive management.

All directors have access to the advice and services of the company secretary. In appropriate circumstance they may seek independent professional advice about the affairs of the company and the exercise of their functions as directors at the company's expense. The director concerned would initially discuss and clear the matter with the chairman or the company secretary unless this would be inappropriate. The company secretary has vast experience in the company secretarial and governance field and is actively involved in assisting the board in its governance initiatives.

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

Non-executive directors are expected to contribute an unfettered and independent view on matters considered by the Board. All directors have the requisite knowledge and experience required to properly execute their duties, and all participate actively in board meetings.

The board's governance procedures and processes are continuously reviewed and a number of specific policies are in the process of being 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; and
- trading in the company's shares.

The board acknowledges its responsibility for ensuring that the preparation of the annual financial statements is in accordance with International Financial Reporting Standards and for ensuring the maintenance of adequate accounting records and effective systems of internal control. The annual financial statements are prepared from the accounting records based on the consistent use of appropriate accounting policies supported by reasonable and prudent judgements and estimates that fairly present the state of affairs.

Attendance of directors at board meetings during the financial year was as follows:

Member	2008/03/26	2008/08/27	2008/11/27	2009/02/06	2009/05/28
Non-executive directors					
Ms Evelyn Chimombe-Munyoro	✓	N/A	N/A	N/A	N/A
Ms Thembisa Dingaan	✓	N/A	N/A	N/A	N/A
Ms Susan du Toit	N/A	✓	✓	N/A	N/A
Ms Connie Nkosi	N/A	✓	X	✓	✓
Mr Theo Schoeman	N/A	N/A	N/A	✓	✓
Executive directors					
Mr Charles Moolman	✓	✓	✓	✓	✓
Mr Kenny MacKinnon	✓	N/A	N/A	N/A	N/A
Mr Wessel de Wet	✓	✓	✓	✓	✓
Mr Richard du Toit	✓	✓	N/A	N/A	N/A
Mr Sean Morgan	N/A	N/A	✓	✓	✓

As required by the JSE Listings Requirements, a representative of the company's Designated Adviser attends all board meetings in an advisory capacity.

Board committees

The board has appointed the committees set out below. Each committee has agreed terms of reference as approved by the board that address issues such as composition, duties, responsibilities and scope of authority.

Audit and Risk Committee

Following the changes to the composition of the board, the composition of the Audit and Risk Committee also needed to be reconsidered to not only align it with the recommendations of the Code, but also with the requirements of the Corporate Laws Amendment Act of 2006. At the date of the annual report, the composition of the Audit and Risk Committee was as follows:

- Mr Theo Schoeman (Chairman)
- Ms Connie Nkosi

The board is satisfied that both these members meet the definition of non-executive directors, acting independently, as defined in the said Act.

Terms of reference for the Audit and Risk Committee were adopted, the intention being to ensure compliance with both governance recommendations and statutory requirements. As indicated by the name of the committee, the duties of the committee were agreed in order to also provide assistance to the board in its responsibility for the risk management process. The terms of reference set out the committee's responsibility in respect of the following areas:

- the external auditors, audit process and annual financial statements;
- internal audit;
- risk management; and
- organisational integrity and ethics.

The committee is responsible for facilitating the relationship with the external auditors and for monitoring the non-audit services provided by the external auditors. The external auditors have direct access to the chairman of the committee and attend all meetings of the committee. The chairman of the committee is expected to attend the annual general meeting in order to answer any questions that shareholders may have relevant to the committee's areas of responsibility. The board is satisfied that the committee has been equipped to properly fulfil its duties going forward.

Audit and Risk Committee meetings for the financial year were as follows:

Member	2008/03/26	2008/08/27	2009/02/06	2009/03/31	2009/05/28
Ms Evelyn Chimombe-Munyoro	✓	N/A	N/A	N/A	N/A
Ms Thembisa Dingaan	✓	N/A	N/A	N/A	N/A
Ms Susan du Toit	N/A	✓	N/A	N/A	N/A
Ms Connie Nkosi	N/A	✓	✓	X	✓
Mr Theo Schoeman	N/A	N/A	✓	✓	✓

A representative of the company's Designated Adviser attends all Audit and Risk Committee meetings as the Listings Requirements of the JSE require that the audit committee comprise the non-executive directors and the Designated Adviser as a minimum.

Human Resources and Nomination Committee

The board has also established a Human Resources and Nomination Committee to assist the board in formulating remuneration and other employment policies and to structure appropriate remuneration packages for executive directors, based on industry standards and the best interests of all parties concerned.

The chief executive officer attends meetings by invitation and recuses himself when his remuneration and benefits are discussed. New appointments to the board are formal, transparent and considered by the board as a whole, on recommendation from the Human Resources and Nomination Committee.

The Human Resources and Nomination Committee met once during the financial year, as follows:

Member	2009/02/06
Ms Connie Nkosi	✓
Mr Theo Schoeman	✓

Company Secretary

The company secretary is iThemba Governance and Statutory Solutions (Pty) Limited, represented by Ms Annamarie van der Merwe. Ms van der Merwe has more than 17 years experience as a company secretary and corporate lawyer in the listed environment. She is also a member of the King Committee and a member of the task team responsible for writing the chapter on Boards and Directors.

Closed periods

The company complies with the JSE Listings Requirements as far as closed periods are concerned and a specific policy is in the process of being approved to address the procedures in respect of trading in the company's shares by

directors of the listed entity and its major subsidiaries as well as their associates. Closed periods extend from 31 August and 28 February, being the commencement of interim and year-end reporting dates up to the date of announcement of the relevant results and include any other period during which the company is trading under cautionary announcement.

Risk management

The board of directors accepts its responsibility for the total process of risk. For this purpose the Audit and Risk Committee has been specifically tasked to assist the board in fulfilling its duties and responsibilities in this regard. The company is in the process of strengthening its risk management process. The internal control environment has been improved by the introduction of formalised financial and accounting policies. The scope of monthly financial reviews of business units' results against budget and the prior year has been expanded.

A formal process of business risk assessments will be undertaken from time to time to highlight further control actions to be taken. With the assistance of the Audit and Risk Committee, the company's major risks will be identified and appropriate action plans to terminate, transfer or limit these risks will be implemented where reasonably possible.

Going concern

The annual financial statements set out in this annual report have been prepared in accordance with International Financial Reporting Standards. They are based on appropriate accounting policies that have been consistently applied.

Having reviewed the company's financial projections and taking into account the claw-back rights offer, the directors believe that the Group will continue as a going concern for the foreseeable future.

Ethics

A written code of ethics, codifying this business approach and addressing the different aspects of the business will be prepared and signed off by the board of directors in due course.

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 shareowners, other stakeholders and the financial and investment community. The quality of information is based on the guidelines of promptness, relevance, transparency and substance over form.

Investor road shows, presentations and formal announcements are all used to communicate with the market. Shareowners 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.

Social responsibility

The company has, for a number of years supported students, with a specific focus on previously disadvantaged students, with bursaries and loans to enable them to complete the two-year Health and Skin Care Diploma. Students thereafter work at the Placécol Beauty Centres as beauty therapists for a period of time.

In addition to the above the company also drives the “Millionaire Club” project which enables female managers of Placécol Beauty Centres who have proved their abilities, to acquire ownership of a beauty centre franchise.

Assistance is provided in the mentoring of the new owners to ensure that the beauty centre is well managed and grown into a successful business venture. In this way, women of all races are given an opportunity to own and grow their own businesses.

Annual Financial Statements

Report of the Independent Auditors	14
Directors' Responsibilities and Approval	16
Certification by Company Secretary	17
Audit and Risk Committee Report	18
Directors' Report	19
Balance Sheet	23
Income Statement	24
Statement of Changes in Equity	25
Cash Flow Statement	26
Accounting Policies	27
Notes to the Financial Statements	43
The Company's Annual Financial Statements	65

Report of the Independent Auditors

To the members of Skinwell Holdings Limited and its Subsidiaries
We have audited the accompanying Group and Company annual financial statements of Skinwell Holdings Limited, which comprise the directors' report, balance sheet as at 28 February 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 27 to 64.

Directors' Responsibility for the Annual Financial Statements
The Group's Directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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

Opinion
In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Group and the Company as of 28 February 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Emphasis of Matter
Without qualifying our opinion we draw attention to the income statement, which indicates that the Group incurred a net loss of R11 602 243 for the year ended 28 February 2009, note 3 of the directors’ report and note 33 to the annual financial statement, regarding the Group’s ability to continue as a going concern.

RSM BETTY & DICKSON (Tshwane)
Registered Auditors
Pretoria
Per: Paul den Boer, Registered Auditor
Chartered Accountant (S.A.), Partner
27 August 2009

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 1973, 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 annual report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group 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 judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 for the year to 28 February 2009 and, in the light of this review and the current financial position and taking into account the claw-back rights offer, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on pages 14 to15.

The annual financial statements set out on pages 23 to 93, which have been prepared on the going concern basis, were approved by the board on 27 August 2009 and were signed on its behalf by:

Mr Charles Moolman
Executive Chairman

Mr Wessel de Wet
Chief Executive Officer

Certification by Company Secretary

In terms of section 268 (G) of the Companies Act 61 of 1973 (Act), as amended, I certify that, to the best of my knowledge and belief, the company has, in respect of the financial year reported upon, lodged with the Registrar of Companies all returns required of a public company in terms of the Act and that and that all such returns are true, correct and up to date.

Ms Annamarie van der Merwe
iThemba Governance and Statutory Solutions (Pty) Limited
Company Secretary
27 August 2009

Audit and Risk Committee Report

The Corporate Laws Amendment Act 24 of 2006 (CLAA) came into effect on 14 December 2007. In compliance with the CLAA, an Audit and Risk Committee was appointed by the board of directors. This committee comprises of Mr Theo Schoeman (Chairman) and Ms Connie Nkosi as well as a representative of the company's designated adviser as required by the JSE Listings Requirements.

During the financial year ended 28 February 2009, in addition to the duties set out in the audit committee's terms of reference, the audit committee carried out its functions as follows:

- nominated the appointment of RSM Betty & Dickson (Tshwane) as the registered independent auditor after satisfying itself through enquiry that RSM Betty & Dickson (Tshwane) is independent as defined in terms of the CLAA;
- determined the fees to be paid to RSM Betty & Dickson (Tshwane) and their terms of engagement;
- ensured that the appointment of RSM Betty & Dickson (Tshwane) complied with the CLAA and any other legislation relating to the appointment of auditors;
- approved a non-audit services policy which determines the nature and extent of any non-audit services which RSM Betty & Dickson (Tshwane) may provide to the company;
- pre-approved any proposed contract with RSM Betty & Dickson (Tshwane) for the provision of non-audit services to the company; and
- satisfied itself with the appropriateness and expertise of the financial director.

The Audit and Risk Committee has satisfied itself through enquiry that RSM Betty & Dickson (Tshwane) and Mr Paul den Boer, the designated auditor, are independent of the company.

The Audit and Risk Committee recommended the annual financial statements for the year ended 28 February 2009 for approval to the board. The board has subsequently approved the annual financial statements which will be open for discussion at the forthcoming annual general meeting.

Mr Theo Schoeman
27 August 2009

Directors' Report

The directors submit their report for the year ended 28 February 2009.

1. **REVIEW OF ACTIVITIES**

   Main business and operations

   The Group is engaged in the manufacture, marketing and distribution of its own branded skincare product ranges, the training of beauty therapists and the offering of additional services and equipment through a combination of owned, franchised and other retail outlets, and operates principally in South Africa.

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

   Net (loss) / profit of the Group was (R11 602 243)(2008:R6 739 394), after taxation of (R1 443 580) (2008: R 2 972 185).

2. **DIRECTORS' RESPONSIBILITIES**

   The responsiblities of the directors are detailed on page 16 of this report.

3. **GOING CONCERN**

   The Group annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the 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.

   The board has performed a formal review of the Group's ability to continue trading as a going concern in the foreseeable future and, based on this review, considers that the presentation of the financial statements on this basis is appropriate and takes into consideration:

   - the claw-back rights offer as detailed in paragraph 4.4 below;
   - the continuous review and reduction of overhead cost structures; and
   - the viability of non-core operations (if appropriate).

4. **POST BALANCE SHEET EVENTS**

   4.1 Board of directors

   After year-end, Mr Sean Morgan resigned as financial director and Mr Wikus Rudolph was appointed in his place.

   4.2 Issued shared capital

   The following changes to the company's issued share capital occurred after year-end:

   - The repurchase and cancellation of 2 400 000 Skinwell ordinary shares issued to the Placécol Holdings Share Incentive Scheme was approved on 2 October 2008 and implemented on 17 June 2009.
   - The repurchase and cancellation of 11 893 332 Skinwell ordinary shares for the aggregate sum of R1.00 was approved on 2 October 2008 and implemented on 17 June 2009.
   - The repurchase and cancellation of 19 806 322 Skinwell ordinary shares for an aggregate sum of R1.00 was approved on 2 July 2009 and implemented on 24 July 2009.

4.3 Name change

The name of the holding company was changed from Placécol Holdings Limited to Skinwell Holdings Limited with effect from 27 July 2009 in order to more accurately reflect the nature of its multi-brand owner business and to create a platform for the future growth of the company.

4.4 Claw-back rights offer

In July 2009, the company announced that the directors had resolved that Skinwell raise R6 888 372.55 by way of a renounceable claw-back rights offer to its shareholders. In terms of the claw-back rights offer, shareholders of Skinwell will be offered the right to subscribe for 137 767 451 claw-back shares at a subscription price of R0.05 per claw-back share in the ratio of 140 claw-back shares for every 100 Skinwell shares held.

The continued delay in payments from banks to Skinwell on the disposal of company-owned stores to new franchisees has led to the deterioration of Skinwell's short-term cash position. From the time that the banks give their approval to provide funding facilities, it can take up to three months for those funds to actually be advanced. The main purpose of the claw-back offer is to raise capital to enhance the company's short-term cash position in order to meet the company's ongoing working capital requirements.

In terms of a Subscription Agreement, subscribers have agreed to subscribe for 137 767 451 new ordinary shares for an aggregate consideration of R6 888 372.55, being R0.05 per share and have advanced such amount to the company. The subscribers are entitled to subscribe for all of the new ordinary shares not "clawed back" by Skinwell shareholders.

More detail on the claw-back rights offer will be provided in the circular to be posted to shareholders in due course.

4.5 Cautionary announcement

The company issued a cautionary announcement on 26 August 2009 to advise shareholders to exercise caution when dealing in Skinwell's shares until a further announcement is made.
Save for the disclosure above, the directors are not aware of any other matters or circumstances arising since the end of the financial year.

5. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised share capital of the company during the year under the review. In respect of the issued share capital, changes as set out in paragraph 4.2 above were approved by shareholders. 50% of the unissued shares in the authorised share capital of the company were placed under control of the directors at the annual general meeting held on 2 October 2008 until the upcoming annual general meeting.

6. DIVIDENDS

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

7. DIRECTORS

The directors of the company during the year and to the date of this report are as follows:
Mr Charles Moolman * (Chairperson)
Mr Wessel de Wet * (Chief Executive Officer)
Mr Wikus Rudolph (Financial Director)
Ms Connie Nkosi (Appointed 25 August 2008) **
Mr Theo Schoeman (Appointed 22 January 2009) **

Mr Richard du Toit (Resigned 3 October 2008) *
Mr Kenny Mackinnon (Resigned 6 May 2008) **
Ms Tembisa Dingaan (Resigned 1 August 2008) **
Ms Evelyn Chimombe-Munyoro (Resigned 1 August 2008) **
Ms Susan du Toit (Appointed 1 August 2008)(Resigned 21 January 2009) **
Mr Sean Morgan (Appointed 3 October 2008) (Resigned 2 July 2009) *
* Executive Director ** Non-Executive Director

8. DIRECTORS' INTERESTS

At 28 February 2009, the directors' interests in the company's share capital was as follows:

Director	Beneficial Direct	Beneficial Indirect	Total	% Held
Mr Wessel de Wet	25 593 857	-	25 593 857	19.3%
Mr Charles Moolman	27 593 857	-	27 593 857	20.8%
	53 187 714	-	53 187 714	40.1%

At 29 February 2008, the directors' interests in the company's share capital was as follows:

Director	Beneficial Direct	Beneficial Indirect	Total	% Held
Mr Wessel de Wet	27 593 857	-	27 593 857	19.3%
Mr Charles Moolman	27 593 857	-	27 593 857	20.8%
	63 960 411	-	63 960 411	48.2%

Following the respective repurchases as set out in paragraph 4.2 above, the directors' current interests in the company's share capital is as follows:

Director	Beneficial Direct	Beneficial Indirect	Total	% Held
Mr Wessel de Wet	14 598 633	-	14 598 633	14.84
Mr Charles Moolman	12 848 633	-	12 848 633	13.06
	27 447 266	-	27 447 266	27.90%

9. MAJOR SHAREHOLDERS

Details of major shareholders are included on page 94 of this annual report.

10. INTERESTS OF DIRECTORS IN CONTRACTS

Other than the interests disclosed in note 30 of the notes to the annual financial statements, no director has any interest in any other transactions of significance with the company or any of its subsidiaries.

11. LITIGATION

There are no arbitration proceedings, including any such proceedings that are pending or threatened, of which Skinwell is aware that may have, or have had during the 12 months proceeding the date of the annual report a material effect on the financial position of the Group.

12. SEGMENT REPORT

In order to provide a better understanding to shareholders, the Group discloses the segmental analysis as per note 32 of the notes to the annual financial statements. The Group thus has no discernible geographical segment.

13. BORROWING LIMITATIONS

In terms of the articles of association of the company, the directors may exercise all the powers of the company to borrow without limit, as they consider appropriate.

14. INTEREST IN SUBSIDIARIES

Details of the Group's investment in subsidiaries are shown in note 33 of the notes to the annual financial statements.

15. NON-CURRENT ASSETS

During the year under review the Group acquired property, plant and equipment as set out in note 3 of the annual financial statements.

16. COMPANY SECRETARY

Business Address: Placécol Boulevard
Samrand Avenue
Kosmosdal, Extension 4
Centurion
0046

Postal Address: PO Box 8833
Centurion
0046

As at the financial statement date the company secretary was iThemba Governance and Statutory Solutions (Pty) Limited (appointed 11 July 2008).

Business Address: Monument Office Park
Block 3, Suite 202
79 Steenbok Avenue,
Monument Park
0181

Postal Address: PO Box 4896
Rietvalleirand
0174

17. SPECIAL RESOLUTIONS

At the annual general meeting of Skinwell shareholders held on 2 October 2008, the following special resolutions were approved:

- The repurchase and cancellation of 11 893 332 Skinwell ordinary shares for an aggregate purchase consideration of R1.00 from the relevant shareholders/directors.
- The repurchase and cancellation of 2 400 000 Skinwell ordinary shares for an aggregate purchase consideration of R2 400 000 from the Placécol Holdings Share Incentive Scheme.
- A general authority to directors to repurchase shares which will endure until the next annual general meeting.
- An amendment to the company's articles of association to provide for the annual general meeting to be held within nine months after the expiration of the financial year of the company.

Other than the above, no special resolutions were passed during the financial year of the company or any subsidiary company in the Group.

18. AUDITORS

RSM Betty and Dickson (Tshwane) will continue in office in accordance with section 270(2) of the companies Act.

Balance Sheet

AT 28 FEBRUARY 2009

	Notes	2009 R	2008 R
ASSETS			
Non-current assets		28 240 248	31 192 496
Property, plant and equipment	3	8 632 300	8 017 812
Goodwill and intangible assets	4	10 191 293	17 642 526
Finance lease receivables	5	-	69 176
Deferred tax asset	14	3 855 657	2 228 690
Other financial assets	6	5 560 998	3 234 292
Current assets		52 689 207	53 575 965
Inventories	7	21 555 700	22 360 029
Loans to directors	8	-	187 804
Other financial assets	6	12 407 752	2 288 564
Finance lease receivables	5	-	32 355
Trade and other receivables	9	16 697 380	17 775 485
Cash and cash equivalents	10	2 028 377	10 931 728
Total assets		**80 929 455**	**84 768 461**
EQUITY AND ASSETS			
Equity		40 049 843	51 652 096
Share capital	11	44 083 783	44 083 783
Retained capital		(4 033 940)	7 568 313
Liabilties		40 879 612	33 116 365
Non-current liabilities		6 463 831	11 224 182
Other financial liabilities	12	5 923 182	9 543 665
Finance lease obligation	13	306 211	663 218
Operating lease liability		231 458	1 004 239
Deferred tax	14	2 980	13 060
Current liabilities		34 415 781	21 892 183
Other financial liabilities	12	8 325 905	4 003 367
Current tax payable		2 684 620	4 390 288
Finance lease obligation	13	337 008	174 585
Trade and other payables	15	18 112 358	11 223 004
Income received in advance	16	1 642 402	2 100 939
Bank overdraft	10	3 313 488	-
Total equity and liabilities		**80 929 455**	**84 768 461**
Net asset value per share (cents)		30.2	39.9
Net tangible asset value per share (cents)		22.5	25.7

Income Statement

FOR THE YEAR ENDED 28 FEBRUARY 2009

	Notes	2009 R	2008 R
Revenue		113 760 874	115 267 983
Cost of sales		(39 355 344)	(35 618 000)
Gross profit		74 405 530	79 649 983
Operating expenses	17 & 18	(78 966 568)	(70 116 121)
Operating profit		(4 561 038)	9 533 862
Other income	21	932 517	1 256 100
Impairment of goodwill		(6 982 336)	-
Investment revenue	19	984 645	984 528
Finance costs	20	(3 419 611)	(2 062 911)
Profit before taxation		(13 045 823)	9 711 579
Taxation	22	1 443 580	(2 972 185)
(Loss) / Profit for the period		(11 602 243)	6 739 394
Earnings per share (cents)	23	(8.8)	5.7
Headline (loss) / earnings per share (cents)	23	(3.9)	4.9
Adjusted (loss)/ earnings per share (cents)	23	(11.8)	7.8
Adjusted headline (loss) / earnings per share (cents)	23	(5.3)	6.7

Statement of Changes in Equity

FOR THE YEAR ENDED 28 FEBRUARY 2009

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 1 March 2007	10 400	19 975 896	19 986 296	828 919	20 815 215
Changes in equity	-	-	-	-	-
Profit for the year	-	-	-	6 739 394	6 739 394
Issue of shares	2 850	28 502 126	28 504 976	-	28 504 976
Issue costs written off	-	(2 007 489)	(2 007 489)	-	(2 007 489)
Treasury shares held	(240)	(2 399 760)	(2 400 000)	-	(2 400 000)
Total changes	2 610	24 094 877	24 097 487	6 739 394	30 836 881
Balance at 1 March 2008	13 010	44 070 773	44 083 783	7 568 313	51 652 096
Changes in equity	-	-	-	-	-
Profit for the year	-	-	-	(11 602 243)	(11 602 243)
Total changes	-	-	-	(11 602 243)	(11 602 243)
Balance at 28 February 2009	13 010	44 070 773	44 083 783	(4 033 930)	(40 049 853)

Cash Flow Statement

FOR THE YEAR ENDED 28 FEBRUARY 2009

	Notes	2009 R	2008 R
Cash flows from operating activities			
Cash receipts from customers		109 369 539	107 891 030
Cash paid to suppliers and employees		(105 071 900)	(120 947 835)
Cash (used in) generated from operations	25	4 297 639	(13 056 805)
Interest income		984 645	808 336
Finance cost		(3 419 611)	(2 062 911)
Tax paid	26	(1 899 132)	(2 360 146)
Net cash from operating activities		(36 459)	(16 671 526)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(2 642 005)	(1 796 811)
Investment in tangible assets		-	(1 040 357)
Sale of property, plant and equipment		-	6 541 176
Sale of intangible assets		-	1 700 000
Acquisition of businesses	27	-	(5 553 082)
Receipts from loans advanced		-	17 040
Loans advanced		(12 344 807)	458 359
Proceeds on disposal of business units	28	2 298 971	-
Net cash from investing activities		(12 687 841)	326 325
Cash flows from financing activities			
Proceeds from shares issued		-	17 992 511
Proceeds from other financial liabilities		507 471	3 181 645
Net cash from financing activities		507 471	21 174 156
Total cash movement for the year		(12 216 829)	4 828 955
Cash at the beginning of the period		10 931 728	6 102 773
Total cash at the end of the year		**(1 285 101)**	**10 931 728**

Accounting Policies

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value and incorporate the principal accounting policies set out below.

The accounting policies of the Group and company are consistent with those adopted in the previous year, except where new accounting policies were adopted for the first time, more fully disclosed in note 2.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.1.

1.1 Critical accounting estimates and significant judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, the reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are to be believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future and the resulting accounting estimates will by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the financial results or the financial position reported in future periods are discussed below:

Impairment of trade and other receivables

Trade and other receivables are impaired when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice.

Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash used to determine the value in use of tangible assets are inherently uncertain and could easily be managed over time. They are significantly affected by a number of factors including i.e. production estimates and supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

Property, plant and equipment

Management has made certain estimations with regards to the determination of estimated useful lives and residual values of property, plant and equipment, as discussed further in notes 1.3 and 3.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. Control is achieved where the company has the power to govern the financial operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

On acquisition, the Group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The purchase method of accounting is used to account for the acquisition of subsidiaries of the Group.

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

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

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. On adjustment to the cost of a business combination, contingent or future events are included in the combination if the adjustment is probable and can be measured reliably.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses and the unrealised profits on transactions between group companies are eliminated on consolidation.

Investments in subsidiary companies are accounted for at cost in the company financial statements. The investments in subsidiaries are assessed for impairment on an annual basis and impairment losses are accounted for in the income statement in the period in which they arise.

1.3 Property, plant and equipment

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

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

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

Day-to-day expenses incurred on property, plant and equipment is expensed directly in profit or loss for the period. Major maintenance that meets the recognition criteria is recognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of items to their residual values, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the company.

Where an item comprises major components with different useful lives, the components are accounted for as separate items of property plant and equipment and depreciated over the estimated useful lives.

Methods of depreciation, useful lives and residual values are annually reviewed. The following methods and useful lives were applied during the year, except for land which is not-depreciable:

Item	Method	Useful life
Land and buildings	Straight line	60 years
Plant and equipment	Straight line	5 years
Furniture, fittings and office equipment	Straight line	6 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3 years
Books	Straight line	4 years
Leasehold improvements	Straight line	10 years

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

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

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

When a decision is made by the Directors that an item of property, plant and equipment will be disposed of, and the requirements of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, are met, then those assets will be presented separately on the face of the balance sheet. The assets will be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets shall cease.

1.4 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the Group's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill, acquired in a business combination, is carried at cost less any accumulated impairment. Goodwill is not amortised.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

1.5 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such an indication exists, the company estimates the recoverable amount of the asset.

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

- tests intangible assets with an indefinate 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 annually at the same time every year.
- 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 cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

If the recoverable amount 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.

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

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. 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.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised on profit or loss.

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

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

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

1.6 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified at fair value through profit and loss, transaction costs directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

An asset that is subsequently measured at cost or amortised cost is recognised initially at its fair value on the trade date.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.
- Financial assets classified as available-for-sale or at fair value through profit or loss, including derivatives, are measured at fair values. Fair value, for this purpose, is market value if listed, or a value arrived at by using appropriate valuation models, if unlisted.

Investment equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

After initial recognition financial liabilities are measured as follows:

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.
- Other financial liabilities are measured at amortised cost using the effective interest method.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- Where financial assets and financial liabilities are carried at amortised cost, a gain or loss is recognised in profit or loss through the amortisation process and when the financial asset or financial liability is derecognised or impaired.
- A gain or loss on a financial asset or financial liability classified at fair value through profit or loss is recognised in profit or loss.
- A gain or loss on an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

The particular recognition methods adopted are disclosed in the individual policies stated below:

Loans and receivables

Trade and other receivables are classified as loans and receivables and are carried at amortised cost less any impairment. Impairment is determined on a specific basis, whereby each asset is individually evaluated for impairment indicators. Write-downs of these assets are expensed in profit or loss.

Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash. Cash and cash equivalents are measured at fair value.

Borrowings

Borrowings are classified as other financial liabilities and measured at amortised cost and comprise original debt less principal payments and amortisation.

Directors' and manager's loans

These financial instruments are carried at amortised cost.

Trade and other payables

Trade and other payables are classified as current financial liabilities.

1.7 Taxation

Current taxation assets and liabilities

Current taxation 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 taxation assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation assets and liabilities

Deferred taxation is provided using a balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

A deferred taxation liability is recognised for all taxable temporary differences, unless specifically exempt.

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

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

A deferred taxation liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

A deferred taxation asset is recognised for all deductible temporary differences arising from investments in subsidiaries, to the extent that it is probable that the temporary difference will reverse in the foreseeable future, and taxable profit will be available against which the temporary difference can be utilised.

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

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates that have been enacted or substantively enacted by the balance sheet date.

Taxation 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 tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

1.8 Inventories

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

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.

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 of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the average cost formula. The same cost formula is used for all inventories having a similar nature and use to the company.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

1.9 Leases as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Any initial direct costs are added to the amount recognised as an asset.

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the outstanding liability.

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

1.10 Revenue

Revenue from 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, normally being the date the goods are delivered;
- 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.

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 Taxation.

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

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

1.11 Cost of sales

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

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

1.12 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded on initial recogniton in Rand, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency.

At each balance sheet date:

- 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 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.

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

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is recognised in the period in which the service is rendered and not discounted.

The expected cost of compensated absences is recognised as an expense as the employee renders service.

The expected cost of 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.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Related parties

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities which the Group directly or indirectly through one or more intermediaries controls or is controlled by or is under common control. These include the holding company, subsidiaries and fellow subsdiaries.

1.16 Intangible assets

Intangible assets aquired are measured on initial regocnition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is a indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised.

Research and development costs

Research costs are expensed as incurred. Develepment expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

2. New standards and interpretations

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2009 or later periods:

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The interpretation deals with the following issues:

- Presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.
- Any entity or entities within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation. The parent entity holding the net investment in a foreign operation therefore does not also have to hold the hedging instrument.
- How an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment.
- IAS 39 (AC 133) Financial Instruments: Recognition and Measurement must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, and IAS 21 (AC 112) The Effects of Changes in Foreign Exchange Rates must be applied in respect of the hedged item.

The effective date of the interpretation is for years beginning on or after 01 October 2008.

The company expects to adopt the interpretation for the first time in the 2010 annual financial statements.

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

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a balance sheet at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows.' These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The effective date of the standard is for years beginning on or after 01 January 2009.

The company expects to adopt the standard for the first time in the 2010 annual financial statements.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

IAS 23 (Revised) Borrowing Costs

The revision requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

The effective date of the standard is for years beginning on or after 01 January 2009.

The company expects to adopt the standard for the first time in the 2010 annual financial statements.

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

IFRS 8 Operating segments

IFRS 8 (AC 145) replaces IAS 14 (AC 115) Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The effective date of the standard is for years beginning on or after 01 January 2009.

The company expects to adopt the standard for the first time in the 2010 annual financial statements.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

IFRS 2 Amendment: IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations

The amendment clarifies that vesting conditions are only performance conditions or service conditions. All other conditions are non-vesting conditions. Non-vesting conditions are accounted for in the same manner as market conditions. It further clarifies that if either party can choose not to satisfy a non-vesting condition, then the arrangement is treated as a cancellation upon non fulfilment of that condition.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

May 2008 and 2009 Annual Improvements Project
The amendments embodied in the IFRS 2008 improvement project are effective for the group for the year ending 28 February 2010. As part of its annual improvements project the International Accounting Standards Board (IASB) made amendments to a number of accounting standards. These amendments were primarily made to resolve conflicts and remove inconsistencies between standards, clarify the status of application guidance in standards, clarify existing IFRS requirements, as well as confirming the terminology used in standards with that used in other standards and to that more widely used. Management's assessment of the 2008 improvements has not revealed any material impact on the group's results.

The 2009 IASB annual improvements project was published on 24 April 2009 with the amendments to IFRS embodied therein being effective for the group for the year ending 28 February 2011. Management has not assessed the impact of the improvements in detail, but does not expect any significant impact on the group's results.

IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Amendment for determining cost of investment in the separate financial statements on first time adoption
The amendments:
- Allow for the purposes of first time adoption of IFRS, investors to use a deemed cost to measure the initial cost of investments in subsidiaries, jointly controlled entities, and associates in the separate financial statements. This deemed cost is either fair value or the carrying amount under previous accounting practice.
- Require that, when a new parent is formed in a reorganisation, the new parent must measure the cost of its investment in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the reorganisation.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

IAS 18 Revenue: Consequential amendments
Dividends paid out of pre-acquisition profits are no longer deducted from the cost of the investment.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

IAS 21 The Effects of Changes in Foreign Exchange Rates: Consequential amendments
A dividend paid out of pre-acquisition profits is no longer considered to be part of a disposal of an interest in a foreign operation.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

IAS 36 Impairment of Assets: Consequential amendments
Under certain circumstances, a dividend received from a subsidiary, associate or joint venture could be an indicator of impairment. This occurs when:

- Carrying amount of investment in separate financial statements is greater than carrying amount of investee's net assets including goodwill in consolidated financial statements or
- Dividend exceeds total comprehensive income of investee in period dividend is declared.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

IFRS 3 (Revised) Business Combinations
The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, noncontrolling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009.

The company expects to adopt the standard for the first time in the 2011 annual financial statements.

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

IAS 27 (Amended) Consolidated and Separate Financial Statements
The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance.

- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any remeasurement of goodwill.
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments.
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IAS 7 Statement of Cash flows: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

Cash flows arising from changes in level of control, where control is not lost, are equity transactions and are therefore accounted for as cash flows from financing transactions.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IAS 28 Investments in Associates: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

When an investment in an associate is reduced but significant influence is retained, a proportionate share of other comprehensive income must be reclassified to profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IAS 12 Income Taxes – consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidate and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at

acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items

The amendment provides clarification on two hedge accounting issues:
• Inflation in a financial hedged item and
• A one sided risk in a hedged item.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

Amendment to IAS 39 and IFRS 7: Reclassification of Financial Assets

The amendment permits an entity to reclassify certain financial assets out of the fair value through profit or loss category if certain stringent conditions are met. It also permits an entity to transfer from the available for sale category to loans and receivables under certain circumstances. Additional disclosures are required in the event of any of these reclassifications.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

The aggregate impact of the initial application of the statements and interpretations on the company's annual financial statements is expected to be as follows:

Notes to the Financial Statements

3. PROPERTY, PLANT & EQUIPMENT

	Cost/ Valuation	2009 Accumulated depreciation	Carrying value	Cost/ Valuation	2008 Accumulated depreciation	Carrying value
Land and buildings	1 450 000	(54 376)	1 395 624	1 443 958	(24 167)	1 419 791
Improvements on leasehold properties	722 202	(84 243)	637 959	161 887	(31 478)	130 409
Plant and equipment	5 738 205	(3 324 470)	2 413 735	6 681 786	(3 761 989)	2 919 797
Motor vehicles	2 347 865	(831 743)	1 516 122	2 837 124	(639 387)	2 197 737
Furniture, fittings and office equipment	3 136 763	(1 568 085)	1 568 678	1 403 921	(684 201)	719 720
Computer equipment	2 132 862	(1 032 680)	1 100 182	1 343 957	(713 599)	630 358
	15 527 897	**(6 895 597)**	**8 632 300**	**13 872 633**	**(5 854 821)**	**8 017 812**

Reconciliation op property, plant and equipment - 2009

	Opening balance	Disposals	Additions	Transfers	Depreciation	Total
Land and buildings	1 419 791	-	-	-	(24 167)	1 395 624
Improvements on leasehold properties	130 409	-	505 991	52 556	(50 997)	637 959
Plant and equipment	2 925 755	(79 056)	1 167 278	(1 153 561)	(446 681)	2 413 735
Motor vehicles	2 197 737	(531 465)	246 005	-	(396 155)	1 516 122
Furniture, fittings and office equipment	713 761	(40 752)	806 784	432 664	(343 779)	1 568 678
Computer equipment	630 359	(27 599)	1 013 109	(83 127)	(432 560)	1 100 182
	8 017 812	**(678 872)**	**3 739 167**	**(751 468)**	**(1 694 339)**	**8 632 300**

Reconciliation op property, plant and equipment - 2008

	Opening balance	Disposals	Additions	Additions through business combinations	Depreciation	Total
Land and buildings	1 443 958	-	-	-	(24 167)	1 419 791
Improvements on leasehold properties	-	-	17 987	143 900	(31 478)	130 409
Plant and equipment	9 053 735	(4 996 323)	423 039	-	(1,559 763)	2 920 688
Motor vehicles	1 479 744	(461 423)	697 359	710 692	(228 635)	2 197 737
Furniture, fittings and office equipment	1 608 585	(841 432)	108 146	82 726.19	(238 282)	719 744
Computer equipment	753 225	(378 861)	550 280	63 425.06	(358 626)	629 443
	14 339 247	**(6 678 039)**	**1 796 811**	**1 000 743**	**(2 440 951)**	**8 017 812**

Pledged as security

Certain property, plant and equipment with a carrying value of R4,217,706 (2008: R4,752,456) is encumbered to secure the borrowings set out in note 12 and 13.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

4. GOODWILL AND INTANGIBLE ASSETS

	2009 Products	2009 Goodwill	2009 Total	2008 Products	2008 Goodwill	2008 Total
Opening balance	596 458	17 046 068	17 642 526	-	4 730 366	4 730 366
Additions	-	-	-	596 458	12 315 702	12 912 160
Impairment	-	(6 982 336)	(6 982 336)	-	-	-
Amortisation	(114 226)	-	(114 226)	-	-	-
Sold during the year	(354 671)	-	(354 671)	-	-	-
Closing balance	**127 561**	**10 063 732**	**10 191 293**	**596 458**	**17 046 068**	**17 642 526**

Products

All the Group's products have been assessed as finite life intangible assets. The products were launched after the financial year-end from which date they will be amortised over their useful lives.

Impairment reviews of goodwill and indefinite life intangible assets

Significant goodwill carrying amounts and the cash-generating units to which they relate are detailed below:

	Units Calculated	Carry amount
Dream Nails Business	Brands revenue stream	5 695 000
Placécol	Brands revenue stream	4 116 845
Salonquip	Supply chain revenue stream	251 887
		10 063 732

The recoverable amounts of goodwill identified above have been determined on the basis of value-in-use calculations.

Value-in-use calculations use cash flow projections based on 2010 financial year budgets, approved by management, extrapolated at between 8% and 10% depending on the cash-generating unit and was discounted using a weighted average cost of capital of 14%.

Key assumptions used in value-in-use calculations include budgeted margins and budgeted franchise revenue streams. Such assumptions are based on historical results adjusted for anticipated future growth. These assumptions are a reflection of management's past experience in the market in which these units operate.

Based on the above assumptions, management's calculations of recoverable amounts were greater than the carrying amounts.

Management believes that any reasonable possible change in any of its key assumptions would not cause the aggregate carrying amounts to exceed aggregate recoverable amounts.

		2009	2008
5.	**FINANCE LEASE RECEIVABLES**		
	Gross investment in the lease due		
	- within one year	-	32 355
	- in second to fifth year inclusive	-	96 665
		-	129 020
	Less: Unearned finance income	-	-27 489
		-	**101 531**
	Present value of minimum lease payments due		
	- within one year	-	32 355
	- in second to fifth year inclusive	-	69 176
		-	**101 531**
	Non-current assets		
	At amortised cost	-	69 176
	Current assets		
	Payable within one year at amortised cost	-	32 355
		-	**101 531**

6. OTHER FINANCIAL ASSETS

	2009	2008
Loans and receivables		
Loans made in respect of outlets franchised *The loans are secured by the Placécol Beauty Centres sold, interest is charged at prime, starting 91 days after signature date.* *The loan is repayable within 48 months from signature date.*	2 463 400	3 027 919
Loans made in respect of outlets franchised *These unsecured loans bears interest at prime plus two and no fixed term of repayment have been agreed upon.*	3 793 939	-
Deed of sale of debtor *These unsecured loans bears interest at prime plus two and no fixed term of repayment have been agreed upon.*	2 298 970	-
Long term loans *These unsecured loans bear no interest and there were no fixed terms of repayment.*	619 896	-
Buthle Cosmetics (Pty) Ltd *This unsecured loan bears interest at 14% and there were no fixed terms of repayment.*	1 254 145	-
M Buthelezi	59 733	-
Stylique *This unsecured loan bear no interest and there were no fixed terms of repayment.*	101 474	-
Student loans *The student loans carries interest at prime and are repayable within 3 years after completion of the studies.*	5 843 509	1 783 650
	16 435 066	**4 811 569**
Instalment Sale Agreements		
Installment sale debtors bear interest at an average interest rate of 18% per annum repayable in monthly installments ranging from R2,412 to R4,903.	1 533 684	711 287
	17 968 750	**5 522 856**

	2009	2008
Non-current assets		
At amortised cost	5 560 998	3 234 292
Current assets		
Payable within one year at amortised cost	12 407 752	2 288 564
	17 968 750	**5 522 856**

There is no material difference between the fair value of loans made and their book value.

7. INVENTORIES

	2009	2008
Consumables	13 711	13 611
Finished goods	6 539 482	3 976 029
Raw materials	3 931 053	4 024 680
Equipment held for sale	363 024	2 222 964
Stores held for sale	10 656 123	12 122 745
Work in progress	52 307	-
	21 555 700	**22 360 029**

Inventories amounting to R7,664,530 (2008: R7,685,852) were pledged as security for installment sale agreements. (refer note 12)

8. LOANS TO DIRECTORS

	2009	2008
Mr Wessel de Wet		
Balance at the beginning of the year	187 804	204 844
Portions paid	(187 804)	(17 040)
	-	**187 804**

The loan to the director is unsecured and interest free with no fixed terms of repayment.
There is no material difference between the fair value of the loan to the director and its book value.

9. TRADE AND OTHER RECEIVABLES

	2009	2008
Trade receivables	15 105 462	16 797 521
Impairment of trade receivables	(751 682)	(702 110)
Net trade receivables	14 353 781	16 095 411
Deposits	586 359	184 554
Other receivables	354 629	562 439
Prepayments	451 324	376 379
Staff loans	128 972	38 495
Value added taxation	822 316	518 207
	16 697 380	**17 775 485**

Trade and other receivables pledged as security

Trade receivables to the value of R14 455 433 (2008: R16 164 272) were pledged as security for the Group's overdraft facilities of R3 700 000 (2008: R3 000 000). At year end the total overdraft of the Group amounted to R3 313 488 (2008:Rnil). Trade receivables are non-interest bearing and are generally on 30 days' terms. Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2009, R 6 365 427 (2008: R6 910 570) were past due but not impaired.

	2009	2008
Credit quality of trade and other receivables		
The table below illustrates the trade receivables ageing analysis:		
Neither past due, nor impaired	5 730 957	9 253 702
Past due and not impaired	6 335 005	6 841 709
Past due and impaired	751 682	702 110
At amortised cost	2 287 819	-
	15 105 463	**16 797 521**
Ageing of past due and not impaired is as follows:		
30 - 60 days	2 326 625	2 172 103
60 - 90 days	1 357 817	1 801 877
90 - 120 days	809 693	983 247
120+ days	1 840 870	1 884 482
	6 335 005	**6 841 709**

As at 28 February 2009, trade receivables at nominal value of R751,682 (2008: R702,110) were impaired. Movements in the provision for impairment of receivables were as follows:

Trade and other receivables impaired		
Impairment of trade receivables:		
Opening balance	702 110	52 000
Provision for the year	677 311	1 036 257
Utilised in the year	(627 740)	(388 194)
Reversed in the year on collection of receivables	-	2 047
Balance at 29 February / Closing Balance	**751 682**	**702 110**

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade receivable mentioned above.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Bank balances and cash on hand	2 028 377	10 931 728
Bank overdraft	(3 313 488)	-
	(1 285 111)	**10 931 728**
Current assets	2 028 377	10 931 728
Current liabilities	(3 313 488)	-
	(1 285 111)	**10 931 728**

Cash at the banks earns interest at floating rates based on daily bank deposit rates. The fair value of cash and short-term deposits is R2,028,277 (2008: R10,931,728)

The Group has overdraft facilities to the total of R3,700,000 (2008: R3,000,000) which are secured by a general session of debtors(refer note 9), and unlimited surety ship by Mr WJ de Wet, Mr CW Moolman, Skinwell Holdings Limited, CW Pharmaceuticals (Pty) Limited, Salonquip (Pty) Limited, Placècol Skin Care Clinic (Pty) Limited, Placécol Properties (Pty)Limited, Nomic 136 (Pty) Limited and Placècol Beauty Centre Franchise (Pty) Limited.

	2009	2008
The total amount of undrawn facilities available for future operating activities and commitments	**386 512**	**535 417**

There is no material difference between the fair value of cash and cash equivalents and their book value.

11. SHARE CAPITAL

	2009	2008
Authorised		
500 000 000 Ordinary shares of 0.01 cents each	**50 000**	**50 000**
Issued		
Ordinary	13 010	13 010
Share premium	44 070 773	44 070 773
Balance at the beginning of the year	-	19 975 896
Premium on shares issued	-	28 502 126
Less: Shares issue expenses written off	-	(2 007 489)
Less: Treasury shares held	-	(2 399 760)
	44 083 783	**44 083 783**
Reconciliation of number of shares issued:		
Reported as at 1 March 2008	132 504 976	104 000 000
Issue of shares - ordinary shares	-	28 504 976
	132 504 976	132 504 976
Treasury shares held	(2 400 000)	(2 400 000)
	130 104 976	**130 104 976**

50% of the unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting.

11.1 In terms of the prospectus, the February 2008 profit after taxation for the Skinwell Group of companies excluding Nomic 136 (Pty) Limited, trading as Dream Nails and NSI South Africa ("Dream Nails" or "DNB") was less than R9,2 million and the company will therefore repurchase 31 699 654 Skinwell ordinary shares from the vendors on a pro rata basis for the aggregate sum of R1.00 subsequent to year-end, as follows:

- 11 893 332 Skinwell ordinary shares repurchased and cancelled as authorised at the Annual General Meeting of 2 October 2008;
- 19 806 322 Skinwell ordinary shares were repurchased and cancelled at the General Meeting on 2 July 2009.

The 2 400 000 Skinwell ordinary shares issued to the Placécol Holdings Share Incentive Scheme were cancelled after year-end.

	2009	2008
12. OTHER FINANCIAL LIABILITIES		
Held at amortised cost		
Absa Mortgage bonds	1 350 480	1 369 127
Absa mortgage bonds bearing interest at an average effective rate of 13.07% (2008: 11.98%) per annum. The current monthly installment is R15,730 (2008: R15,804). These loans are secured by land and buildings with a book value of R1,395,624 (2008: R1,419,791) as per note 3.		
Instalment sale agreements	9 665 068	8 677 905
Liabilities under installment sale agreements bear interest at an average effective interest rate of 16.51% (2008: average effective rate of 16.36%) per annum. The current monthly installment is R491,238 (2008: R506,622), and these agreements are generally payable over a period of 48 to 60 months. The loans are secured by property plant and equipment with a book value of R2,200,161(2008: R1,517,330) as per note 3, and by inventory with a carrying value of R7,664,530 (2008: R7,685,852). Instalment sale agreements relating to stores sold to franchisees, must be settled within 90 days after receipt of final payment from the franchisee.		
Absa term loans	2 501 718	855 445
Term loans bear interest at an average effective interest at prime per annum. The current monthly installment is R120,959 (2008: R120,354), and these term loans are repayable over a period of 24 to 36 months. The loans are secured by unlimited surety ship by Mr Wessel de Wet, Mr Charles Moolman, Skinwell Holdings, CW Pharmaceuticals (Pty) Ltd, Salonquip (Pty) Ltd, Placécol Skin Care Clinic (Pty) Ltd, Placécol Properties (Pty) Ltd, Nomic 136 (Pty) Ltd and Placécol Beauty Centre Franchise (Pty) Ltd.		
Other long term loans	114 963	-
The loans are unsecured and interest free.		
Loans from directors	616 858	154 954
The loans are unsecured and interest free.		
	14 249 087	**11 057 431**
Non-current liabilities		
At amortised cost	5 923 182	3 673 959
Current liabilities		
At amortised cost	8 325 905	3 793 706
	14 249 087	**7 467 665**

There is no material difference between the fair value of loans received and their book value.

	2009	2008
13. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	400 761	324 073
- in second to fifth year inclusive	392 793	809 535
	793 554	1 133 608
Less: future finance charges	(149 735)	(295 805)
Present value of minimum lease payments	**643 819**	**837 803**
Present value of minimum lease payments due		
- within one year	336 535	174 585
- in second to fifth year inclusive	306 684	663 218
	643 219	**837 803**
Non-current liabilities		
At amortised cost	306 211	663 218
Current liabilities		
Payable within one year at amortised cost	337 008	174 585
	643 219	**837 803**

The average lease term is 5 years (2008: 5 years) and the average effective borrowing rate is 17.96 % (2008:16.34%). Interest rates are linked to prime at the contract date. All leases have fixed terms of repayment and no arrangements have been entered into for contingent rent.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets to the value of R621,921 (2008: R746,187). Refer note 3.

There is no material difference between the fair value of finance lease obligations and their book value.

	2009	2008
14. DEFERRED TAXATION ASSET / (LIABILITY)		
Accelerated capital allowances for taxation purposes	(495 275)	(363 238)
Assets under finance lease	180 101	28 680
Provisions for leave pay and -impairment of trade receivables	314 032	276 030
Operating lease accruals	75 467	281 362
Taxation losses available for set off against future taxationable income	3 402 069	232 041
Other temporary differences	376 282	1 760 755
	3 852 676	**2 215 630**
Reconciliation of deferred taxation asset / (liability)		
At beginning of the year	2 215 630	818 950
Reduction due to rate change	-	(11 361)
Originating temporary differences on tangible fixed assets	(132 037)	61 337
Originating temporary differences on provision	38 002	197 558
Originating temporary differences on operating lease accruals	(205 895)	104 034
Originating temporary differences on finance leases	151 421	50 394
Assessed loss	3 170 028	187 081
Future use of land and buildings	-	103 918
Other originating temporary differences	(1 384 473)	703 719
	3 852 676	**2 215 630**
Non-current asset	3 855 657	2 228 690
Non-current liability	(2 980)	(13 060)
	3 852 676	**2 215 630**

15. TRADE AND OTHER PAYABLES

	2009	2008
Trade payables	8 230 202	8 273 653
Deposits	355 681	212 273
Accrued leave pay	572 560	367 296
Other creditors	7 907 369	1 365 072
Value-added tax	1 046 546	1 004 710
	18 112 358	**11 223 004**

The book value of trade payables, amounts received in advance, sundry payables and accrued expenses is considered to be in line with their fair value at balance sheet date.

16. INCOME RECEIVED IN ADVANCE

	2009	2008
Students of the Institute were invoiced during the month of January 2009 for their tuition and class fees for the entire year, be January 2009 to November 2009. Of the total invoiced amount, R1,642,402 relates to the months of March 2009 to November 2009.	**1 642 402**	**2 100 939**

	2009	2008
17. OPERATING PROFIT		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises	6 790 247	2 935 418
Equipment	390 708	323 294
Client Manager Software	-	134 164
	7 180 955	**3 392 876**
Loss on sale of property, plant and equipment	333 179	136 863
Amortisation on intangible assets	114 226	-
Depreciation on property, plant and equipment	1 694 339	2 440 951
Employee cost	38 139 785	38 034 465
Fair value adjustments	286 736	201 724
(Profit) / loss on foreign exchange	(11 441)	76 023
Number of employees at year end	326	409
18. AUDITORS REMUNERATION		
Fees	1 003 119	455 746
Other services	287 567	130 650
	1 290 686	**586 396**
19. INVESTMENT INCOME		
Interest income		
Bank	327 564	605 573
Long-term loans	649 350	361 659
Finance lease	7 731	17 296
	984 645	**984 528**
20. FINANCE COST		
Installment sale agreements	1 936 863	1 265 565
Finance leases	145 998	150 225
Bank	488 279	430 570
Term loans	726 760	167 993
Directors loans	25 460	-
Other interest paid	96 251	48 558
	3 419 611	**2 062 911**
21. OTHER INCOME		
Profit on sale of business unit	932 517	-
Profit on sale of intangible assets	-	1 256 100
	831 488	**1 256 100**

	2009	2008
22. TAXATION		
Major components of the taxation expense / (income)		
Current		
Local income taxation	193 466	4 368 864
Deferred		
Deferred taxation	(1 637 046)	(1 396 679)
	(1 443 580)	**2 972 185**
Reconciliation of the taxation expense		
Reconciliation between applicable taxation rate and average effective taxation rate.		
Applicable taxation rate	28.00%	29.00%
Capital gains taxation	2.39%	(1.90%)
Disallowable charges	(1.83%)	5.90%
Assessed losses utilised	0.00%	(2.70%)
Losses not utilised	(4.75%)	0.00%
Changes in rate of taxation	0.00%	0.20%
	23.81%	**30.50%**

	2009	2008
23. EARNINGS PER SHARE		
Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.		
The following reflects the income and share data used in the basic earnings per share computations:		
(Loss)/Earnings attributable to ordinary equity holders for basic earnings	(11 602 243)	6 739 394
Reconciliation of headline earnings:		
(Loss)/Earnings attributable to ordinary equity holders for basic earnings	(11 602 243)	6 739 394
Adjusted for:		
Loss on sale of property, plant and equipment	239 889	97 172
Profit on sale of business unit	(801 965)	-
Impairment of goodwill	(6 982 336)	-
Profit on sale of intellectual property	-	(1 073 966)
Headline earnings	**(5 181 983)**	**5 762 600**
Weighted average number of ordinary shares at year-end for basic earnings per share calculation	132 504 976	118 349 658
Adjusted weighted average number of ordinary shares for basic earnings per share calculation as a result of 11 893 332, 2 400 000 and 19 806 322 Skinwell ordinary shares repurchased on separate occasions by the company	98 405 322	86 650 004
(Loss) / earnings per share (cents)	(8.8)	5.7
Headline (loss) / earnings per share (cents)	(3.9)	4.9
Adjusted (loss) / earnings per share (cents)	(11.8)	7.8
Adjusted headline (loss) / earnings per share (cents)	(5.3)	6.7

The repurchase and cancellation of 11 893 332 Skinwell ordinary shares from vendors and 2 400 000 Skinwell ordinary shares issued to the Placécol Share incentive Scheme, which repurchases and cancellations were approved by shareholders at the Annual General Meeting held on 2 October 2008, have been included in the calculation of the adjusted and headline earnings per share. The 14 293 332 and 19 806 322 Skinwell ordinary shares was repurchased and cancelled on 17 June 2009 and 24 July 2009, respectively.

The profit on the sale of a business unit for the 2009 financial year was realised after the sale of an internally generated brand, "Skin PHD" and inventory for a profit of R932,517 after taxation of R130,552 (2008 includes inter alia product formulations of the Stylique brand sold to Buhle Cosmetics (Pty) Limited).

24. DIRECTORS' EMOLUMENTS

No loans were made to directors during the year under review. There were no material transactions with directors, other than the following.

2009	Directors fees	Basic salary	Retirement funds and medical aid contributions	Fringe benefits	Total
Executive directors					
Mr Wessel de Wet	-	1 163 235	200 842	93 903	1 457 980
Mr Charles Moolman	-	1 171 020	198 528	93 903	1 463 451
Mr Sean Morgan*	-	373 147	33 923		407 070
Mr Richard du Toit*	-	253 691	83 936		337 627
	-	**2 961 093**	**517 229**	**187 805**	**3 666 126**
Non-executive directors					
Ms Susan du Toit*	45 000	-	-	-	45 000
Ms Thembisa Dingaan*	33 000	-	-	-	33 000
	78 000	**-**	**-**	**-**	**78 000**

2008	Directors fees	Basic salary	Retirement funds and medical aid contributions	Fringe benefits	Total
Executive directors					
Mr Wessel de Wet	-	1 237 466	42 162	-	1 279,628
Mr Charles Moolman	-	1 182 082	37 608	-	1 219 690
Mr Kenny Mckinon*	-	756 576	-	-	756 576
Mr Richard du Toit*	-	738 000	-	-	738 000
	-	**3 914 125**	**79 770**	**-**	**3 993 895**
Non-executive directors					
Ms Thembisa Dingaan*	12 120	-	-	-	12 120
	12 120	**-**	**-**	**-**	**12 120**

* Resigned

	2009	2008
25. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before taxation	(13 045 823)	9 711 579
Adjustments for:		
Depreciation and amortisation	1 808 564	2 440 951
Loss on sale of assets	333 179	136 863
Profit on sale of intangible assets	(932 517)	(1 256 100)
Impairment of goodwill	6 982 336	-
Bad debt	187 804	-
Interest received	(984 645)	(984 528)
Finance cost	3 419 611	2 062 911
Fair value adjustments	444	201 724
Movements in operating lease liabilities	(772 781)	(116 509)
Movement in income received in advance	(458 537)	(951 002)
Changes in working capital		
Inventories	(207 558)	(15 297 160)
Trade and other receivables	1 078 209	(3 501 577)
Student loans and client financing	-	(3 875 378)
Trade and other payables	6 889 353	(1 628 580)
	4 297 639	**(13 056 806)**

	2009	2008
26. TAXATION PAID		
Balance at the beginning of the period	(4 390 288)	(1 493 534)
Additions through business combinations	-	(888 036)
Current taxation for the period recognised in income statement	1 443 580	(2 972 185)
Adjustment for deferred taxation	(1 637 046)	(1 396 679)
Balance at end of period	2 684 620	4 390 288
	(1 899 134)	**(2 360 146)**

		2009	2008
27.	**ACQUISITIONS OF BUSINESSES**		
	Fair value of net assets acquired		
	Non-current assets	-	1 054 158
	Current assets excluding cash and cash equivalents	-	4 653 344
	Cash and cash equivalents	-	(136 607)
	Non-current liabilities	-	(2 724 641)
	Current liabilities	-	(3 640 505)
	Total net assets acquired	-	(794 250)
	Goodwill on acquisition	-	12 315 702
		-	**11 521 452**
	Consideration paid		
	Equity	-	6 104 976
	Cash and cash equivalents	-	5 416 476
		-	**11 521 452**
	Net cash outflow on acquisition		
	Consideration paid	-	5 416 475
	Overdrafts / (Cash and cash equivalents) acquired	-	136 607
		-	**5 553 082**

28. PROCEEDS ON DISPOSAL OF BUSINESS UNITS

	2009	2008
Intellectual property	354 567	-
Inventory	1 011 887	-
Profit on business unit sold	932 517	-
Proceeds	**2 298 971**	**-**

	2009	2008

29. COMMITMENTS AND CONTINGENCIES

Operating leases - as lessee (expense)

Minimum lease payments due		
• within one year	3 169 835	9 038 749
• in second to fifth year	4 835 743	24 850 534
	8 005 578	**33 889 284**

Operating lease payments represents rentals payable by the Group for certain of its office properties and outlets. Leases are negotiated for all the subsidiaries, except one, on a year to year base, with no escalation. For Placécol Skincare Clinic (Pty) Limited, leases are negotiated for an average of five years. No contigent rent is payable.

Tax consequences of undistributed reserves

STC on remaining reserves	268 036	688 028

Surety

Absa Bank holds unlimited suretyships for credit facilities granted to the Group, supplied by:

Placécol Cosmetics (Pty) Limited
Placécol Skincare Clinic (Pty) Limited
CW Pharmaceuticals (Pty) Limited
Nomic 136 (Pty) Limited
Placécol Properties (Pty) Limited
Salonquip (Pty) Limited
Placécol Beauty Centre (Pty) Limited
Skinwell Holdings Limited

Skinwell Holdings Limited has supplied surety to business partners of R800 000 on behalf of Buhle Cosmetics (Pty) Limited in respect of a loan granted to them.

30. RELATED PARTIES

Relationships	Related party
Company with common directors	Xenon Technologies (Pty) Limited Mooldew CC Elroi Investments (Pty) Limited
Directors of the company	Mr WJ de Wet Mr CW Moolman Mr S Morgan
Other related parties	Ms U Moolman Ms A de Wet

	2009	2008
Related party balances		
Loan accounts - owing (to) / by related parties		
Mr Wessel de Wet	411 239	187 805
Mr Charles Moolman	205 619	-
Related party transactions		
Interest paid to (received from) related parties		
Mr Wessel de Wet	16 973	-
Mr Charles Moolman	8 487	-
Rent paid to / (received from) related parties		
Elroi Investments (Pty) Limited	3 049 901	1 676 794
Xenon Technologies (Pty) Limited	852 536	1 130 344
Compensation paid to senior management		
Mr JG Strydom	-	518 976
Compensation paid to other related parties		
Ms U Moolman	207 114	-
Ms A de Wet	214 976	-

31. RISK MANAGEMENT

The Group is exposed to credit, liquidity and market risks from the use of financial instruments in the normal course of its business.
This notes presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included through these financial statements.

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

The Group's risk managent policies are established to identify and analyse the risks faced by the Group, to set appropriate risks 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 following table summarises the carrying amount of financial assets and liablities recorded 28 February 2009 by IAS 39 category:

	2009	2008
FINANCIAL ASSETS		
Cash and cash equivalents	2 028 377	10 931 728
Financial assets at fair value through the income statement	-	-
Available for sale investments	303 109	187 805
Loans and receivables: Trade and other receivables	31 575 193	23 399 872
Loans and receivables: Loans	1 533 684	-
	35 440 363	**34 519 405**
FINANCIAL LIABILITIES		
At fair value through profit and loss	-	-
Measured at amortised cost:	-	-
• Borrowings	15 123 764	14 384 835
• Trade payables	19 754 760	11 223 007
• Taxation	2 684 620	4 390 288
• Bank overdraft	3 313 488	-
	40 876 632	**29 998 130**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient liquidity is available to meet its liabilities when due. This is done through ongoing review of future commitments and cash flow forecasts.

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

As at 28 February 2009	**Less than one year**	**Between 2 and 5 years**	**After 5 years**
Secured borrowings	9 825 229	8 467 103	2 355 362
Bank	3 313 488	-	-
Taxation	2 684 620	-	-
Trade and other payables	19 754 760	-	-
	35 578 097	**8 467 103**	**2 355 362**

As at 29 February 2008	**Less than one year**	**Between 2 and 5 years**	**After 5 years**
Secured borrowings	7 283 532	12 511 462	2 540 776
Taxation	4 390 288	-	-
Trade and other payables	11 223 004	-	-
	22 896 824	**12 511 462**	**2 540 776**

The carrying amount of the financial liabilities is considered to be in line with the fair value at balance sheet date.

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

At the balance sheet date there were undrawn borrowing facilities of R386,512 (2008: R3,000,000) available for operating activities and to settle capital commitments. The Group maintains substantial borrowing facilities to ensure that it can manage to fund its budgeted operations and take advantage of expansion opportunities as they arise.

The finance director provides the board with monthly schedules showing maturity of the financial liabilities and unused borrowing facilities to assist the board in monitoring liquidity risk.

Interest rate risk

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

Sensitivity analysis

A hypothetical increase in interest rates by 100 basis points, with all other variables remaining constant, would decrease profit after tax by R98,769 (2008: R83,568)

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade receivables, loans made and cash and cash equivalents.

The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis and utilisation of credit limits is regularly monitored. Credit guaranteed insurance is purchase when deemed appropriate. Refer to note 9 for details on the quality and provision for impairment of trade receivables.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

The allowance for impairments represents an estimate of incurred losses in respect of trade debtors. The components of this allowance relates to individual significant exposures, and a collective loss component in respect of losses that have been incurred but not yet identified, based on historical trends and current economic conditions.

Fair values
Fair values vs carrying amounts.

Cash and short-term investments
The carrying amount approximates fair value because of the short maturity of those instruments.

Trade and other receivables/payables
The fair value of trade and other receivables/payables, is estimated at its carrying value as these instruments are short term in nature and thus carrying amount approximates fair value.

Capital management
The board's policy is to maintain a strong capital base so as top 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 reserves, and the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

Refer to note 11 for a quantitive summary of authorised and issued capital.

32. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- The Brand segment which handles the sales and marketing of skincare and nail products through a combination of it's own retail outlets, franchises and third party outlets such as pharmacies and large retail chain stores as well as the sales of beauty centre franchises.
- The Supply chain and Support segment which handles the manufacturing and distribution of skin care products, the supply and installation of industry specific equipment, the training of beauty therapists, as well as administrative services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year ended 28 February 2009	Brands	Supply chain and support	Adjustments and eliminations	Consolidated
Revenue				
Third party	85 824 846	20 823 986	7 112 042	113 760 874
Inter-segment	4 616 208	14 375 570	(18 991 778)	-
Total revenue	**90 441 054**	**35 199 556**	**(11 879 736)**	**113 760 874**
Results				
Depreciation and amortisation	1 120 988	549 182	24 168	1 694 339
Segment profit	(13 255 777)	75 428	1 578 106	(11 602 243)
Assets and liabilities				
Capital expenditure	1 603 684	2 030 378	105 105	3 739 167
Operating assets	47 883 122	13 080 321	(2 663 157)	58 300 286
Operating liabilities	29 287 292	8 904 824	-	38 192 116

1. Inter-segment revenues are eliminated on consolidation.
2. Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

Year ended 29 February 2008	Brands	Supply chain and support	Adjustments and eliminations	Consolidated
Revenue				
Third party	84 851 187	30 416 796	-	115 267 983
Inter-segment	27 647 875	9 182 416	(36 830 291)	-
Total revenue	**112 499 062**	**39 599 212**	**(36 830 291)**	**115 267 983**
Results				
Depreciation and amortisation	1 874 144	562 854	3 953	2 440 951
Segment profit	5 981 903	6 799 772	(3 070 096)	9 711 579
Assets and liabilities				
Capital expenditure	1 422 493	499 636	(125 318)	1 796 811
Operating assets	61 362 109	75 715 911	(48 942 484)	88 135 536
Operating liabilities	45 360 474	20 963 499	(33 207 607)	33 116 366

1. Inter-segment revenues are eliminated on consolidation.
2. Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties.

Geographic information

The Group operates in one geographical segment.

33. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to going concern. This basis presumes that the 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.

The ability of the Group to continue as going concern is dependent on a number of factors. The most significant of these is that profitable operations can be continued and the directors continue to procure funding for the ongoing operations of the Group. (Also refer to Directors' report)

34. SCHEDULE OF INVESTMENTS IN SUBSIDIARIES

Name	Main business	Share capital	Interest		Shares		Accounts owing by / (to) subsidiaries	
			2009	2008	2009	2008	2009	2008
		R	%	%	R	R	R	R
Direct								
Placécol Cosmetics (Pty) Limited	2	1 002 000	100%	100%	8 710 690	10 428 202	(1 910 517)	5 197 255
Nomic 136 (Pty) Limited (Dreamnails)	3	120	100%	100%	5 406 425	11 406 697	7 277 894	35 276
CW Pharmaceuticals (Pty) Limited	1	102	100%	100%	102	102	1 285 194	(117 319)
Indirect								
Placécol Skin Care Clinic (Pty) Limited	6	100	100%	100%			(3 162 468)	73 764
Placécol Beauty Centre Franchise (Pty) Limited	3	120	100%	100%			15 269 694	8 220 746
Placécol Properties (Pty) Limited	4	100	100%	100%			2 323 365	2 523 704
Salonquip (Pty) Limited	5	950	100%	100%			(51,512)	33 746
					14 117 115	**21 835 001**	**21 031 650**	**15 967 172**

Main business

1. Product manufacturing
2. Distribution
3. Franchisor
4. Property holding
5. Supporting services
6. Outlet establishments

The Company's Annual Financial Statements

Balance Sheet	66
Income Statement	67
Statement of Changes in Equity	68
Cash Flow Statement	69
Accounting Policies	70
Notes to the Annual Financial Statements	85

Balance Sheet

AT 28 FEBRUARY 2009

	Notes	2009 R	2008 R
ASSETS			
Non-current assets		16 385 360	21 835 001
Property, plant and equipment	3	4 155	-
Investments in subsidiaries	4	14 852 665	21 835 001
Other financial assets	6	1 254 145	-
Deferred tax	7	274 395	-
Current assets		28 736 619	25 248 523
Loans to group companies	5	26 156 147	16 084 490
Trade and other receivables	8	2 535 503	4 950
Cash and cash equivalents	9	44 969	9 159 083
Total assets		**45 121 979**	**47 083 524**
EQUITY AND LIABILITIES			
Equity		36 577 770	44 318 754
Share capital	10	44 083 783	44 083 783
Accumulated loss		(7 506 013)	234 971
Liabilities		8 544 208	2 764 770
Non-current liabilities		763 391	1 425 518
Other financial liabilities	11	763 391	1 425 518
Current liabilities		7 780 818	1 339 252
Loans from group companies	5	5 124 496	117 319
Other financial liabilities	11	1 280 863	574 482
Current tax payable		294 350	294 350
Trade and other payables	12	1 081 108	353 101
Total equity and liabilities		**45 121 979**	**47 083 524**

Income Statement

FOR THE YEAR ENDED 28 FEBRUARY 2009

	Notes	2009 R	2008 R
Revenue		2 847 997	-
Other income		3 484 493	1 050
Operating expenses		(7 347 242)	(719 245)
Operating loss	13	(1 014 752)	(718 195)
Investment revenue	14	274 562	1 256 310
Impairment of goodwill		(6 982 336)	-
Finance costs	15	(292 853)	(565)
(Loss) / profit before taxation		(8 015 379)	537 550
Taxation	16	274 395	(294 350)
(Loss) / profit for the period		(7 740 984)	243 200

Statement of Changes in Equity

FOR THE YEAR ENDED 28 FEBRUARY 2009

Figures in Rand	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
Balance at 1 March 2007	10 400	19 975 896	19 986 296	(8 229)	19 978 067
Changes in equity					
Profit for the year	-	-	-	243 200	243 200
Issue of shares	2 850	28 502 126	28 504 976	-	28 504 976
Issue costs written off	-	(2 007 488)	(2 007 488)	-	(2 007 488)
Treasury shares held	(240)	(2 399 760)	(2 400 000)	-	(2 400 000)
Total changes	2 610	24 094 878	24 097 488	243 200	24 340 688
Balance at 1 March 2008	13 010	44 070 773	44 083 783	234 971	44 318 754
Changes in equity					
Loss for the year	-	-	-	(7 740 984)	(7 740 984)
Total changes	-	-	-	(7 740 984)	(7 740 984)
Balance at 28 February 2009	13 010	44 070 773	44 083 783	(7 506 013)	36 577 770
Notes	10	10	10		

Cash Flow Statement

FOR THE YEAR ENDED 28 FEBRUARY 2009

	Notes	2009 R	2008 R
Cash flows from operating activities			
Cash used in operations	18	(2 815 954)	(684 607)
Interest income		274 562	1 256 310
Finance costs		(292 853)	(565)
Income from equity accounted investments		(334 912)	-
Net cash from operating activities		(3 169 157)	571 138
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(5 499)	-
Loans received from group companies		8 464 618	-
Loans advanced to group companies		(13 529 097)	(10 079 389)
Sale of financial assets		(1 254 145)	-
Goodwill		2 021 866	-
Investments in subsidiaries		5 723 852	(5 416 475)
Net cash from investing activities		1 421 595	(15 495 864)
Cash flows from financing activities			
Proceeds on share issue	10	-	2 000
Net movement in other financial liabilities		44 254	2 000 000
Premium on share issue		(7 410 806)	17 990 511
Net cash from financing activities		(7 366 552)	19 992 511
Total cash movement for the year		(9 114 114)	5 067 785
Cash at the beginning of the year		9 159 083	4 091 298
Total cash at end of the year	9	44 969	9 159 083

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, except for the measurement certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

The accounting policies of the company are consistent with those adopted in the previous year, except where new accounting policies were adopted for the first time, more fully disclosed in note 2.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.1.

1.1 Significant judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, the reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are to be believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future and the resulting accounting estimates will by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the financial results or the financial position reported in future periods are discussed below:

Impairment of trade and other receivables

Trade and other receivables are impaired when there is objective evidence that the company will not be able to collect all of the amounts due under the original terms of the invoice.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash used to determine the value in use of tangible assets are inherently uncertain and could easily be managed over time. They are significantly affected by a number of factors including i.e. production estimates and supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

Property, plant and equipment

Management has made certain estimations with regards to the determination of estimated useful lives and residual values of property, plant and equipment, as discussed further in notes 1.3 and 3.

1.2 Property, plant and equipment

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

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

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

Day-to-day expenses incurred on property, plant and equipment is expensed directly in profit or loss for the period. Major maintenance that meets the recognition criteria is recognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of items to their residual values, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the company.

Where an item comprises major components with different useful lives, the components are accounted for as separate items of property plant and equipment and depreciated over the estimated useful lives.

Methods of depreciation, useful lives and residual values are annually reviewed. The following methods and useful lives were applied during the year, except for land which is not-depreciable:

Item	Average useful life
Computer equipment	3 years

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

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

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

When a decision is made by the Directors that an item of property, plant and equipment will be disposed of, and the requirements of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, are met, then those assets will be presented separately on the face of the balance sheet. The assets will be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets shall cease.

1.3 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the company's

interest of the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequently goodwill, acquired in a business combination, is carried at cost less any accumulated impairment. Goodwill is not amortised.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

1.4 Intangible assets

Intangible assets aquired are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised.

Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually.

1.5 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

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

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus

1.5 Investments in subsidiaries (continued)

- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.6 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified as at fair value through profit and loss, transaction costs directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

An asset that is subsequently measured at cost or amortised cost is recognised initially at its fair value on the trade date.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.
- Financial assets classified as available-for-sale or at fair value through profit or loss, including derivatives, are measured at fair values. Fair value, for this purpose, is market value if listed, or a value arrived at by using appropriate valuation models, if unlisted.

Investment equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

After initial recognition financial liabilities are measured as follows:

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value
- Other financial liabilities are measured at amortised cost using the effective interest method.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- Where financial assets and financial liabilities are carried at amortised cost, a gain or loss is recognised in profit or loss through the amortisation process and when the financial asset or financial liability is derecognised or impaired.
- A gain or loss on a financial asset or financial liability classified at fair value through profit or loss is recognised in profit or loss.

1.6 Financial instruments (continued)

- A gain or loss on an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

The particular recognition methods adopted are disclosed in the individual policies stated below:

Directors' and managers' loans
These financial instruments are carried at amortised cost.

Loans and receivables
Trade and other receivables are classified as loans and receivables and are carried at amortised cost less any impairment.

Impairment is determined on a specific basis, whereby each asset is individually evaluated for impairment indicators.

Write-downs of these assets are expensed in profit or loss.

Trade and other payables
Trade and other payables are classified as current financial liabilities.

Cash and cash equivalents
Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash. Cash and cash equivalents are measured at fair value.

Borrowings
Borrowings are classified as other financial liabilities and measured at amortised cost and comprise original debt less principal payments and amortisation.

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 balance sheet date.

Deferred tax assets and liabilities
Deferred taxation is provided using a balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

A deferred taxation liability is recognised for all taxable temporary differences, unless specifically exempt.

1.7 Tax (continued)

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

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

A deferred taxation liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

A deferred tax asset is recognised for the carry forward of unused tax losses 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 balance sheet date.

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, directly in equity, or
- a business combination.

1.8 Leases

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

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. Any initial direct costs are added to the amount recognised as an asset.

1.8 Leases (continued)

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease and at interest rates applicable to the lease on the remaining balance of the outstanding liability.

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

1.9 Inventories

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

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost 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 is recognised as an expense in the period in which the related revenue is recognised.

1.10 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company 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.

1.10 Impairment of assets (continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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.

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

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.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised on profit or loss.

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

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

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

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits 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. The expected cost of 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.

1.12 Revenue

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

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company 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 company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

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

1.13 Cost of sales

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

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

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 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 each balance sheet date:

- 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.

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.

1.16 Related parties

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities which the company directly or indirectly through one or more intermediaries controls or is controlled by or is under common control. These include the holding company, subsidiaries and fellow subsdiaries.

2. New standards and interpretations

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2009 or later periods:

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The interpretation deals with the following issues:

- Presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation.
- Any entity or entities within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation. The parent entity holding the net investment in a foreign operation therefore does not also have to hold the hedging instrument.
- How an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment.
- IAS 39 (AC 133) Financial Instruments: Recognition and Measurement must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, and IAS 21 (AC 112) The Effects of Changes in Foreign Exchange Rates must be applied in respect of the hedged item.

The effective date of the interpretation is for years beginning on or after 01 October 2008.

The company expects to adopt the interpretation for the first time in the 2010 annual financial statements.

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

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a balance sheet at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.

- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows.' These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The effective date of the standard is for years beginning on or after 01 January 2009.

The company expects to adopt the standard for the first time in the 2010 annual financial statements.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

IAS 23 (Revised) Borrowing Costs

The revision requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

The effective date of the standard is for years beginning on or after 01 January 2009.

The company expects to adopt the standard for the first time in the 2010 annual financial statements.

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

IFRS 8 Operating segments

IFRS 8 (AC 145) replaces IAS 14 (AC 115) Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The effective date of the standard is for years beginning on or after 01 January 2009.

The company expects to adopt the standard for the first time in the 2010 annual financial statements.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

IFRS 2 Amendment: IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations

The amendment clarifies that vesting conditions are only performance conditions or service conditions. All other conditions are non-vesting conditions. Non-vesting conditions are accounted for in the same manner as market conditions. It further clarifies that if either party can choose not to satisfy a non-vesting condition, then the arrangement is treated as a cancellation upon non fulfillment of that condition.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

May 2008 and 2009 Annual Improvements Project

The amendments embodied in the IFRS 2008 improvement project are effective for the Group for the year ending 28 February 2010. As part of its annual improvements project the International Accounting Standards Board (IASB) made amendments to a number of accounting standards. These amendments were primarily made to resolve conflicts and remove inconsistencies between standards, clarify the status of application guidance in standards, clarify existing IFRS requirements, as well as confirming the terminology used in standards with that used in other standards and to that more widely used. Management's assessment of the 2008 improvements has not revealed any material impact on the Group's results.

The 2009 IASB annual improvements project was published on 24 April 2009 with the amendments to IFRS embodied therein being effective for the group for the year ending 28 February 2011. Management has not assessed the impact of the improvements in detail, but does not expect any significant impact on the group's results.

IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Amendment for determining cost of investment in the separate financial statements on first time adoption

The amendments:

- Allow for the purposes of first time adoption of IFRS, investors to use a deemed cost to measure the initial cost of investments in subsidiaries, jointly controlled entities, and associates in the separate financial statements. This deemed cost is either fair value or the carrying amount under previous accounting practice.
- Require that, when a new parent is formed in a reorganisation, the new parent must measure the cost of its investment in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the reorganisation.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

IAS 18 Revenue: Consequential amendments

Dividends paid out of pre-acquisition profits are no longer deducted from the cost of the investment.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

IAS 21 The Effects of Changes in Foreign Exchange Rates: Consequential amendments
A dividend paid out of pre-acquisition profits is no longer considered to be part of a disposal of an interest in a foreign operation.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

IAS 36 Impairment of Assets: Consequential amendments
Under certain circumstances, a dividend received from a subsidiary, associate or joint venture could be an indicator of impairment. This occurs when:

- Carrying amount of investment in separate financial statements is greater than carrying amount of investee's net assets including goodwill in consolidated financial statements or
- Dividend exceeds total comprehensive income of investee in period dividend is declared.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The company expects to adopt the amendment for the first time in the 2010 annual financial statements.

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

IFRS 3 (Revised) Business Combinations
The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009.

The company expects to adopt the standard for the first time in the 2011 annual financial statements.

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

IAS 27 (Amended) Consolidated and Separate Financial Statements
The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance.
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any remeasurement of goodwill.
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments.
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IAS 7 Statement of Cash flows: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements
Cash flows arising from changes in level of control, where control is not lost, are equity transactions and are therefore accounted for as cash flows from financing transactions.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IAS 28 Investments in Associates: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements
When an investment in an associate is reduced but significant influence is retained, a proportionate share of other comprehensive income must be reclassified to profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IAS 12 Income Taxes – consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements
The amendment is as a result of amendments to IAS 27 (AC 132) Consolidate and Separate Financial

Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items

The amendment provides clarification on two hedge accounting issues:
- Inflation in a financial hedged item and
- A one sided risk in a hedged item.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

Amendment to IAS 39 and IFRS 7: Reclassification of Financial Assets

The amendment permits an entity to reclassify certain financial assets out of the fair value through profit or loss category if certain stringent conditions are met. It also permits an entity to transfer from the available for sale category to loans and receivables under certain circumstances. Additional disclosures are required in the event of any of these reclassifications.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company expects to adopt the amendment for the first time in the 2011 annual financial statements.

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

The aggregate impact of the initial application of the statements and interpretations on the company's annual financial statements is expected to be as follows:

Notes to the Annual Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

	Cost/ Valuation	2009 Acculmulated depreciation	Carrying value	Cost/ Valuation	2008 Accumulated depreciation	Carrying value
Computer equipment	5 499	(1 344)	4 155	-	-	-

Reconciliation op property, plant and equipment - 2009

	Opening balance	Additions	Depreciation	Total
Computer equipment	-	5 499	(1 344)	4 155

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

4. INVESTMENTS IN SUBSIDIARIES

Name of company	Held by	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008
Placécol Cosmetics (Pty) Limited	Skinwell Holdings Limited	100	100	10 428 202	10 428 202
Nomic 136 (Pty) Limited	Skinwell Holdings Limited	100	100	4 424 361	11 406 697
CW Pharmaceuticals (Pty) Limited	Skinwell Holdings Limited	100	100	102	102
				14 852 665	**21 835 001**

The carrying amounts of subsidiaries are shown net of impairment losses.

	2009	2008
5. LOANS TO / (FROM) GROUP COMPANIES		
Subsidiaries		
Placécol Skin Care Clinic (Pty) Limited	(3 162 468)	73 764
Placécol Cosmetics (Pty) Limited	(1 910 517)	5 197 255
Placécol Beauty Centre Franchise (Pty) Limited	15 269 694	8 220 746
Nomic 136 (Pty) Limited	7 277 894	35 276
CW Pharmaceuticals (Pty) Limited	1 285 194	(117 319)
Placécol Properties (Pty) Limited	2 323 365	2 523 703
Salonquip (Pty) Limited	(51 511)	33 746
	21 031 650	**15 967 171**
The unsecured loan bears no interest and no fixed terms of repayment have been agreed upon.		
Current assets	26 156 147	16 084 490
Current liabilities	(5 124 496)	(117 319)
	21 031 650	**15 967 171**

Credit quality of loans to group companies

No credit rating of loans to and from group companies has been performed.

		2009	2008

5. LOANS TO / (FROM) GROUP COMPANIES (continued)

Fair value of loans to and from group companies
There is no material difference between the fair value of the property, plant and equipment and their book value.

Loans to group companies past due but not impaired
All loans to group companies have no fixed terms of repayment and are therefore not past due. No loans to group companies have been impaired in the current year.
The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.
The company does not hold any collateral as security.

6. OTHER FINANCIAL ASSETS

	2009	2008
Loans and receivables		
Buhle Cosmetics (Pty) Limited	1 254 145	-

The unsecured loan bears interest at 14% per annum and no fixed terms of repayment have been agreed upon.

	2009	2008
Non-current assets		
Loans and receivables	1 254 145	-

For debt securities classified as at fair value through profit or loss, the maximum exposure to credit risk at the reporting date is the carrying amount.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2009 and 2008, as all the financial assets were disposed of at their redemption date.

7. DEFERRED TAX

	2009	2008
Deferred tax asset		
Assessed loss	177 230	-
Fair value adjustment	97 165	-
	274 395	**-**
Reconciliation of deferred tax asset (liability)		
Originating temporary difference on fixed assets	(94)	-
Originating temporary difference on trade receivables (fair value)	97 259	-
Assessed loss	177 230	
	274 395	**-**

8. TRADE AND OTHER RECEIVABLES

	2009	2008
Trade receivables	2 287 819	-
VAT	247 684	-
Sundry debtors	-	4 950
	2 535 503	**4 950**

		2009	2008

8. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for overdraft facilities of R Nil (2008: R Nil) of the company. At year end the overdraft amounted to R Nil (2008: R Nil).

Trade receivables are non-interest bearing and are generally on 30 days' terms.

Credit quality of trade and other receivables

The table below illustrates the trade receivables ageing analysis:

	2009	2008
At amortised cost	2 287 819	-
Neither past due, nor impaired	-	4 950
	2 287 819	**4 950**

The ageing of these loans is as follows:

	2009	2008
30 - 60 days	-	4 950

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade receivable mentioned above.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2009	2008
Bank balances	44 969	9 159 083

10. SHARE CAPITAL

Authorised

	2009	2008
500,000,000 Ordinary shares of 0.01 cents each	50 000	50 000

Reconciliation of number of shares issued:

	2009	2008
Reported as at 01 March 2008	132 504 976	104 000 000
Treasury shares held	(2 400 000)	(2 400 000)
Issue of shares – ordinary shares	-	28 504 976
	130 104 976	**130 104 976**

50% of 369,895,024 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting.

Issued

	2009	2008
Ordinary	13 010	13 010
Share premium:		
- Balance at the beginning of the year	44 070 773	19 975 896
- Premium on shares issued	-	28 502 126
- Less shares issue expenses written off	-	(2 007 489)
- Less shares issue expenses written off	-	(2 399 760)
	44 083 783	**44 083 783**

		2009	2008
11.	**OTHER FINANCIAL LIABILITIES**		
	Held at amortised cost		
	ABSA Bank term loans	1 427 396	2 000 000
	Term loan bearing interest at 15% (2008: 14.295%) per annum, repayable in monthly installments of R69,246 (2008: R68,641). Secured by surety ship per note 19.		
	Director loan - Mr Wessel de Wet	411 239	-
	Director loan - Mr Charles Moolman	205 619	-
		2 044 254	**2 000 000**
	Non-current liabilities		
	At amortised cost	763 391	1 425 518
	Current liabilities		
	At amortised cost	1 280 863	574 482
		2 044 254	**2 000 000**

There is no material difference between the fair value of loans received and their book value.

		2009	2008
12.	**TRADE AND OTHER PAYABLES**		
	Trade payables	1 065 026	353 203
	Other payables	16 082	(102)
		1 081 108	**353 101**

The book value of trade payables, amounts received in advance, sundry payables and accrued expenses is considered to be in line with their fair value at balance sheet date.

		2009	2008
13.	**OPERATING LOSS**		
	Operating profit for the year is stated after accounting for the following:		
	Operating lease charges		
	Premises		
	• Contractual amounts	721 983	-
	Depreciation on property, plant and equipment	1 344	-
	Employee costs	3 909 491	12 120
14.	**INVESTMENT REVENUE**		
	Interest revenue		
	Loans to group company	-	815 151
	Bank	274 562	441 159
		274 562	**1 256 310**

		2009	2008
15.	**FINANCE COSTS**		
	Bank	799	565
	Interest paid - Director loan (Mr Wessel de Wet)	16 973	-
	Interest paid - Director loan (Mr Charles Moolman)	8 487	-
	Interest paid on term loan	258 361	-
	Other interest	8 233	-
		292 853	**565**
16.	**TAXATION**		
	Major components of the tax (income) expense		
	Current		
	Local income tax - current period	-	294 350
	Deferred		
	Originating and reversing temporary differences	(97 165)	-
	Assessed loss	(177 230)	-
		(274 395)	-
		(274 395)	**294 350**
	Reconciliation of the tax expense		
	Reconciliation between applicable tax rate and average effective tax rate.		
	Applicable tax rate	28.00%	29.00 %
	Tax loss used	- %	(0.40)%
	Disallowable charges	(1.44)%	26.20 %
		26.56 %	**54.80 %**
17.	**AUDITORS' REMUNERATION**		
	Fees	218 464	73 570
	Other services	-	119 918
		218 464	**193 488**
18.	**CASH USED IN OPERATIONS**		
	(Loss) profit before taxation	(8 015 379)	537 550
	Adjustments for:		
	Impairment of investments	6 982 336	-
	Depreciation and amortisation	1 344	-
	Interest received	(274 562)	(1 256 310)
	Finance costs	292 853	565
	Changes in working capital:		
	Trade and other receivables	(2 530 553)	25 147
	Trade and other payables	728 007	8 441
		(2 815 954)	**(684 607)**

	2009	2008

19. CONTINGENCIES

Tax consequences of undistributed reserves

	2009	2008
STC on remaining reserves	-	26 108

Unlimited surety ships given to Absa Bank Limited on behalf of:
Placécol Cosmetics (Pty) Limited
Placécol Skincare Clinic (Pty) Limited
CW Pharmaceuticals (Pty) Limited
Nomic 136 (Pty) Limited
Placécol Properties (Pty) Limited
Salonquip (Pty) Limited
Placécol Beauty Centre (Pty) Limited

Limited surety ship up to an amount of R800 000 to ensure that the Buhle Cosmetics (Pty) Limited term loan is secured.

20. RELATED PARTIES

Relationships

Subsidiaries	Placécol Cosmetics (Pty) Limited CW Pharmaceuticals (Pty) Limited		Nomic 136 (Pty) Limited
Sub-subsidiaries	Placécol Skincare Clinic (Pty) Limited Placécol Properties (Pty) Limited		Salonquip (Pty) Limited
Subsidiary of sub-subsidiary	Placécol Beauty Centre Franchise (Pty) Limited		
Members of key management	Mr WJ De Wet Mr CW Moolman	Mr RA du Toit Mr S Morgan	Ms A de Wet Ms U Moolman

Related party balances

Loan accounts - Owing (to) by related parties

	2009	2008
Placécol Cosmetics (Pty) Limited	13 630 014	5 197 255
CW Pharmaceuticals (Pty) Limited	9 759 087	(117 319)
Salonquip (Pty) Limited	1 322 937	33 746
Nomic 136 (Pty) Limited	1 729 249	35 276
Placécol Beauty Centre Franchise (Pty) Limited	(2 557 135)	8 220 746
Placécol Skincare Clinic (Pty) Limited	(6 027 502)	73 764
Placécol Properties (Pty) Limited	2 713 490	2 523 704
Mr Wessel de Wet	411 239	187 805
Mr Charles Moolman	205 619	-

Related party transactions
Interest and compensation paid to related parties

	2009	2008
Placécol Skincare Clinic (Pty) Limited	-	565 916
Placécol Properties (Pty) Limited	-	80 727
Placécol Beauty Centre Franchise (Pty) Limited	-	163 674
Mr Wessel de Wet	16 973	-
Mr Charles Moolman	8 487	-
Ms U Moolman	207 114	-
Ms A de Wet	214 976	-

Administration fees paid to (received from) related parties

	2009	2008
Placécol Skincare Clinic (Pty) Limited	(174 000)	-
Placécol Beauty Centre Franchise (Pty) Limited	(752 493)	-
CW Pharmaceuticals (Pty) Limited	(933 000)	-
Salonquip (Pty) Limited	(765 000)	-
Nomic 136 (Pty) Limited	(348 000)	-
Placécol Cosmetics (Pty) Limited	(469 493)	-
Skin PHD	135 000	-

	2009	2008

21. RISK MANAGEMENT

The company is exposed to credit, liquidity and market risks from the use of financial instruments in the normal course of its business.

This notes presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included through these financial statements.

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

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risks 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 following table summarises the carrying amount of financial assets and liablities recorded 28 February 2009 by IAS 39 category:

	2009	2008
Financial assets		
Cash and cash equivalents	44 969	9 159 083
Loans and receivables: Trade and other receivables	23 567 154	16 089 441
	23 612 123	**25 248 524**
Financial liabilities		
Measured at amortised cost: Borrowings	2 044 251	2 117 319
Measured at amortised cost: Trade and other payables	1 081 108	353 102
Measured at amortised cost: Taxation	294 350	-
	3 419 709	**2 470 421**

Liquidity risk

The company manages liquidity risk by ensuring that sufficient liquidity is available to meet its liabilities when due.

This is done through ongoing review of future commitments and cash flow forecasts.

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

	2009	2008

21. RISK MANAGEMENT (continued)

At 28 February 2009	**Less than 1 year**	**Between 2 and 5 years**
Secured borrowings	824 790	824 790
Unsecured borrowings	8 581 936	-
Normal taxation	294 350	-
Trade and other payables	1 081 210	-

At 29 February 2008	**Less than 1 year**	**Between 2 and 5 years**
Secured borrowings	547 482	1 425 518
Trade and other payables	353 102	-

The carrying amount of the financial liabilities is considered to be in line with the fair value at balance sheet date.

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

At the balance sheet there were undrawn borrowing facilities of R Nil, available for operating activities and to settle capital commitments. The company maintains substantial borrowing facilities to ensure that it can manage to fund its budgeted operations and take advantage of expansion opportunities as they arise. The finance director provides the board with a monthly schedule showing the maturity of financial liabilities and unused borrowing facilities to assist the board in monitoring liquidity risk.

Interest rate risk

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

Sensitivity analysis

A hypothetical increase in interest rates by 100 basis points, with all other variables remaining constant,would decrease profit after tax by R11,253 (2008: R27,396). The analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

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

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

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

	2009	2008

21. RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's trade receivables, loans made and cash and cash equivalents.

The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables relates to other debtors as the company do not trade in goods or services.

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

Financial instrument	2009	2008
Other financial assets	1 304 224	-
Trade and other receivables	2 535 503	4 950
Cash and cash equivalents	44 969	9 159 083

The company is exposed to a number of guarantees for the overdraft facilities of Group companies and for guarantees issued in favour of the creditors of Absa Bank Limited.

Fair values

Fair values versus carrying amounts:

Cash and short term investments:
The carrying amount approximates fair value because of the short maturity of those instruments.

Trade and other receivables/payables:
The fair value of trade and other receivables/payables, is estimated at its carrying value as these instruments are short term in nature and thus carrying amount approximates fair value.

Capital management

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 company defines as total capital and reserves, and the level of dividends to ordinary shareholders.

Shareholder Analysis

The following are the shareholders beneficially holding, directly or indirectly, in excess of 2% of the share capital as at 28 February 2009:

Shareholder spread	Number of shares	Percentage
Mr Wessel de Wet	27 593 857	20.82%
Mr Charles Moolman	25 593 857	19.32%
I Capital (Pty) Limited	11 679 880	8.81%
Mr Richard du Toit	10 772 697	8.13%
Sozo Trust	9 314 768	7.03%
Dreamway Business Trust	5 494 478	4.15%
Mr Allan Brown	3 515 357	2.65%
Flagship Domestic Flexible Fund	3 013 000	2.27%

Distribution of shareholders	Number of shareholders	Percentage	Number of shares	Percentage
Public shareholding				
Corporate	34	9.94%	24 240 581	18.29%
Nominees/Trusts/Trustees	11	3.22%	20 412 046	15.40%
Individuals	297	86.84%	23 281 440	17.57%
	342	**98.84%**	**67 934 067**	**51.27%**
Non-Public shareholding				
Directors	4	1.16%	64 570 909	48.73%
Share trust	1	0.26%	2 400 000	1.81%
	5	1.42%	66 970 909	50.54%
	347	**100.00%**	**134 904 976**	**100.00%**

Shareholder spread	Number of shareholders	Percentage	Number of shares	Percentage
1 - 1 000 shares	13	3.76%	6 081	0.00%
1 001 - 5 000 shares	62	17.92%	188 403	0.14%
5 001 - 10 000 shares	56	16.18%	447 065	0.34%
10 001 - 50 000 shares	96	27.75%	2 592 871	1.96%
50 001 - 100 000 shares	48	13.84%	5 867 815	4.43%
Over 100 001 shares	72	20.81%	125 802 741	94.94%
	347	**100.00%**	**134 904 976**	**100.00%**

skinwell
investing in wellness

Skinwell Holdings Limited

(Formerly Placécol Holdings Limited)
(Registration number 2003/025374/06)
(Incorporated in the Republic of South Africa)
JSE code: PLC ISIN: ZAE000102307
("the company")

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the company's shareholders will be held in the boardroom at Skinwell, Placècol Boulevard, Samrand on Wednesday, 23 September 2009 at 10:00 for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions set out below in the manner required by the Companies Act No 61 of 1973, as amended (the "Act"):

1. **Ordinary resolution 1: Adoption of the annual financial statements**
"RESOLVED THAT the annual financial statements of the company for the year ended 28 February 2009, together with the directors' report and the report of the auditors be and are hereby received and adopted."

2. **Ordinary resolution 2: Re-election of directors**
"RESOLVED THAT the following individuals be and are hereby re-elected as directors of the company in terms of articles 108 and 117 of the company's articles of association:
2.1 Ms Connie Nkosi
2.2 Mr Theo Schoeman
2.3 Mr Wikus Rudolph."

Abbreviated curricula vitae of the directors offering themselves for re-election are set out on page 4 of this annual report.

3. **Ordinary resolution 3: Re-appointment of auditors**
"RESOLVED THAT RSM Betty & Dickson (Tshwane) (Designator auditor: Paul Den Boer) be re-appointed as the independent auditors of the company and that the directors be and are hereby authorised to determine the auditors' remuneration for the past year."

4. **Ordinary resolution 4: Ratification of Non-Executive Directors' fees**
"RESOLVED THAT the non-executive directors' fees (reflected on page 55) for the past financial year be and are hereby ratified."

5. **Ordinary resolution 5: To place unissued shares under directors' control**
"RESOLVED THAT the authorised but unissued share capital of the company, from time to time, be placed under the control of the directors of the company until the next annual general meeting with the authority to allot and issue such unissued shares at their discretion, subject to sections 221 and 222 of the Act, and the Listings Requirements of the JSE Limited."

6. **Ordinary resolution 6: General authority to issue shares for cash**
"RESOLVED THAT pursuant to the articles of association of the company, the Act and the Listings Requirements of the JSE Limited ("JSE"), the directors of the company be and are hereby authorised, until the next annual

general meeting of the company (when this authority shall lapse unless it is renewed at that annual general meeting, provided that it shall not extend beyond 15 months from the date of this resolution), to allot and issue ordinary shares for cash subject to the following conditions:

(a) the allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public shareholders and not to related parties, all as defined in the Listings Requirements of the JSE;

(b) the ordinary shares which are the subject of general issues for cash:
- shall not in the aggregate in any one financial year of the company (commencing 1 March 2009) exceed 50% of the company's relevant number of ordinary shares in issue of that class (taking into account the dilution effect, in the year of issue of options/convertible securities, by including the number of any shares that may be issued in the future arising out of the issue of such options/convertible securities);
- of a particular class, will be aggregated with any shares that are compulsorily convertible into shares of that class, and, in the case of the issue of compulsorily convertible shares, aggregated with the shares of that class into which they are compulsorily convertible; and
- shall be based on the number of ordinary shares of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application, less any shares of the class issued, or to be issued in future arising from options/convertible securities issued during the current financial year, plus any shares of that class, to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten or an acquisition (which has had final terms announced) may be included as though they were ordinary shares in issue at the date of application;

(c) the maximum discount at which ordinary shares may be issued for cash is 10% of the weighted average traded price of such ordinary shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party/ies subscribing for the ordinary shares;

(d) after the company has issued ordinary shares for cash in terms of an approved general issue for cash representing, on a cumulative basis within a financial year, 5% or more of the number of ordinary shares in issue prior to that issue, the company shall publish an announcement containing full details of such issue/s (including the number of ordinary shares issued, the average discount to the weighted average traded price of the shares over the 30 days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the ordinary shares and the effects of the issue on the net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share); and

(e) the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights as are convertible into a class already in issue."

Note: In terms of the Listings Requirements of the JSE, a 75% majority of the votes cast by shareholders present or represented by proxy (excluding the Designated Adviser and the controlling shareholders, together with their associates) at the Annual General Meeting must be cast in favour of ordinary resolution 6 for it to be approved.

SPECIAL BUSINESS

7. Special Resolution number 1: General authority to repurchase shares

"RESOLVED THAT the company approves, as a general authority contemplated in section 85 of the Act, the acquisition by the company (or by a subsidiary of the company) of ordinary shares issued of the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE"), which general authority shall endure until the next annual general meeting of the company (when this approval shall lapse unless it is

renewed at that annual general meeting, provided that it shall not extend beyond 15 months from the date of registration of this special resolution), subject to the following limitations:

- the repurchase of securities is implemented through the order book of the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;
- the company is so authorised by its articles of association;
- the general repurchase is limited to a maximum of 20% in aggregate of the company's issued share capital in any one financial year;
- the general repurchase by the subsidiaries of the company is limited to a maximum of 10% in aggregate of the company's issued share capital in any one financial year;
- the repurchase is not made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction was effected;
- the repurchase does not take place during a prohibited period as defined in the Listings Requirements of the JSE unless there is a repurchase programme in place and the dates and quantities of securities to be traded during the prohibited period are fixed and full details thereof have been disclosed in an announcement over SENS prior to commencement of the prohibited period;
- the company publishes an announcement after it or its subsidiaries have cumulatively repurchased 3% of the number of ordinary shares in issue at the time that the shareholders' authority for the purchase is granted and for each 3% in aggregate of the initial number acquired thereafter;
- the company remains in compliance with the Listings Requirements of the JSE concerning shareholder spread after such repurchase;
- at any point in time, the company appoints only one agent to effect any repurchases on its behalf;
- the company may not enter the Market to proceed with the repurchase of its securities until the company's Designated Adviser has confirmed the adequacy of the company's working capital for the purpose of undertaking a repurchase of securities in writing to the JSE."

Special resolution number 1 is subject to at least 75% of the votes cast by the company's ordinary shareholders, present in person or represented by proxy at the annual general meeting, being cast in favour thereof.

Reason and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to authorise the company and its subsidiaries, by way of general authority, to repurchase the company's issued ordinary shares on the terms and conditions and in amounts to be determined by the directors of the company, subject to certain statutory provisions and the Listings Requirements of the JSE.

Directors' statement regarding the utilisation of the authority sought

The directors of the company have no specific intention to effect the provisions of special resolution number 1, but will, however, continually review the company's position, having regard to the prevailing circumstances and market conditions, in considering whether to effect the provisions of this special resolution.

Directors' opinion relating to the repurchases of shares

After considering the effect of the maximum repurchase in terms of special resolution number 1, the directors of the company are of the opinion that for a period of 12 months from the date of this notice of annual general meeting:

- the company and the Group will be able, in the ordinary course of business to repay their debts;
- the assets of the company and the Group will be in excess of the liabilities of the company and the Group,

the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;

- the share capital and reserves of the company and the Group will be adequate for ordinary business purposes;
- the working capital of the company and the Group will be adequate for ordinary business purposes.

Other disclosures in terms of paragraph 11.26 of the Listings Requirements of the JSE

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the Listings Requirements of the JSE for purposes of special resolution number 1:

- Directors and management – pages 4 and 59;
- Major beneficial shareholders – page 94;
- Directors' interests in ordinary shares – page 21
- Share capital of the company – page 87; and
- Litigation - page 21

Directors' responsibility statement

The directors whose names appear on page 4 of the annual report, collectively and individually accept full responsibility for the accuracy of the information set out in the notice of annual general meeting and the relevant disclosures in the annual report 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, all reasonable enquiries to ascertain such facts have been made and the special resolution contains all information required by the Act and the Listings Requirements of the JSE.

Material changes

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

8. **Ordinary resolution number 7: Authority to action all ordinary resolutions and special resolution**

"RESOLVED THAT any one director of the company or the company secretary be authorised to do all such things as are necessary and to sign all such documents issued by the company so as to give effect to the ordinary resolutions and special resolution."

Voting and proxies

In terms of the JSE Listings Requirements, any shares held by the Placècol Share Incentive Scheme will not have their votes at the annual general meeting taken into account in determining the results of the resolutions tabled at the annual general meeting.

A shareholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and on a poll to vote in his stead. The proxy need not be a shareholder of the company. A form of proxy is attached for the convenience of any certificated shareholder and own name registered dematerialised shareholder who cannot attend the annual general meeting, but who wishes to be represented.

Additional forms of proxy may also be obtained on request from the company's registered office. The completed

forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address set out on the inside of the back cover, to be received by no later than 10:00 on Monday, 21 September 2009. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker, other than own name registered dematerialised shareholders, and who wish to attend the annual general meeting must request their CSDP or broker to issue them with a letter of representation. Alternatively dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and time-frame stipulated.

By order of the board

Ms Annamarie van der Merwe
iThemba Governance and Statutory Solutions (Pty) Limited
Company Secretary
27 August 2009

Skinwell Holdings Limited

(Formerly Placécol Holdings Limited)
(Registration number 2003/025374/06)
(Incorporated in the Republic of South Africa)
JSE code: PLC ISIN: ZAE000102307
("Skinwell" or "the company")

Form of Proxy

For use by the holders of the company's certificated ordinary shares ("certificated shareholder") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own name registration ("own name dematerialised shareholders") at the annual general meeting of the company to be held in the boardroom at Skinwell, Placècol Boulevard, Samrand on Wednesday, 23 September 2009 at 10:00 and at any adjournment thereof.

Not for the use by holders of the company's dematerialised ordinary shares who are not own name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary Letter of Representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (full name) ______________________________

of (address) ______________________________

being the registered owner/s of ______________________________ ordinary shares in the company, hereby appoint:

1. ______________________________ or failing him/her;

2. ______________________________ or failing him/her;

3. the chairperson of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

** Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast unless otherwise instructed, my/our proxy may vote as he/she thinks fit.*

	Number of votes		
	For*	**Against***	**Abstain***
1. Ordinary resolution 1: Adoption of the annual financial statements			
2. Ordinary resolution 2: Re-election of directors			
2.1 Ms Connie Nkosi			
2.2 Mr Theo Schoeman			
2.3 Mr Wikus Rudolph			
3. Ordinary resolution 3: Re-appointment of auditors			
4. Ordinary resolution 4: Ratification of Non-Executive Directors' fees			
5. Ordinary resolution 5: To place the unissued shares under the directors' control			
6. Ordinary resolution 6: General authority to issue shares for cash			
7. Special resolution 1: General authority to repurchase shares			
8. Ordinary resolution 7: Authority to action all resolutions			

Signed this ______________ day of ______________________________ 2009

Signature ______________________________

Assisted by (if applicable) ______________________________

Please read the notes on the reverse

Notes to the form of proxy

1. This form of proxy is to be completed only by those members who are:
   a) holding shares in certificated form; or
   b) recorded in the sub-register in electronic form in their "own name".
2. Members who have dematerialised their shares and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary Letter of Representation to attend the annual general meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.
3. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting.
4. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairperson of the annual general meeting". The person whose name stands first on the form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the special and ordinary resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
6. A member or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by such member. The total number of votes for or against the special and ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by such member.
7. Documentary evidence establishing the authority of a person signing this 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 chairperson of the annual general meeting.
8. The chairperson of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a member wishes to vote.
9. Any alterations or corrections to this form of proxy must be initialled by the relevant signatory(ies).
10. The completion and lodging of this form of proxy does not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the member.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
12. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
13. Forms of proxy must be lodged at, posted to or faxed to Computershare Investor Services (Pty) Limited, at 70 Marshall Street, Johannesburg, 2001, (P O Box 61051, Marshalltown, 2107), to reach the company by no later than 10:00 on Monday, 21 September 2009.

Administration

Full name	Skinwell Holdings Limited
Registration number	2003/025374/06
JSE abbreviated name	Skinwell
JSE code	SKW
ISIN	ZAE000135893
Exchange	Alternative Exchange
Founded	2003
Listed on the JSE	21 August 2007
Website	www.placecol.com

Business and Registered Address
Placécol Boulevard
Samrand
Gauteng, 2001
Telephone : (012) 621 3300
Facsimile: (012) 621 3338

Company Secretary and Records Office
iThemba Governance and Statutory Solutions (Pty) Limited
Monument Office Park
Block 3, Suite 202
79 Steenbok Avenue
Monument Park 0181
(PO Box 4896 Rietvalleirand, 0174)
Telephone: 086 111 1010
Facsimile: 086 604 1315

Transfer Secretaries
Computershare Investor Services (Pty) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Telephone: (011) 370 5000
Facsimile: (011) 688 5210

Attorneys
Fluxmans Inc
(Registration number 2000/024775/21)
11 Biermann Road
Rosebank, 2196
(Private Bag X41, Saxonwold, 2132)

Corporate Adviser and Joint Designated Adviser
Vunani Corporate Finance
(a division of Vunani Capital (Pty) Limited)
(Registration number 1998/001469/07)
Vunani House Block C
Athol Ridge Office Park
151 Katherine Street
Sandown, Sandton, 2196
(PO Box 652419, Benmore, 2010)

Independent Lead Designated Adviser
Grindrod Bank Limited
(Registration number 1994/007994/06)
Building Three
1st Floor, North Wing, Commerce Square
39 Rivonia Road (cnr. Helling Road)
Sandton, 2196
(PO Box 78011, Sandton, 2146)

Auditors
RSM Betty & Dickson (Tshwane)
(Practice number 901520A)
Suite 1, 267 Waterkloof Road
Brooklyn, 0181
(Private Bag X22, Brooklyn Square, 0075))

Commercial Bankers
Absa Bank Limited
(Registration number 1951/000009/06)
3rd Floor
100 Main Street
Johannesburg, 2001
(PO Box 61558, Marshalltown, 2107)

skinwell

investing in wellness

Skinwell Holdings Limited (Reg. No. 2003/025374/06)

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