

During the interim period a clear strategy was defined to differentiate our main salon brands between each other. The group's vision is to be the largest and most desirable Beauty Franchise Group. It has three main salon brands being Placecol Skin Care Clinics, Dream Nails Beauty Salons and Perfect 10 Nail and Body Studios.

The following were focal points during the interim period:

1. Successful incorporation of the Perfect 10 Nail and Body Studios into the group.
2. Modernised, fresh look for our current franchises in terms of "Project Facelift".
3. Expanded consumer driven focus through the introduction of the Placecol Care Loyalty Programme.
4. Strong innovation drive with the introduction of state of the art hair removal and skin rejuvenation technology into the Placecol Skin Care Clinics.
5. The strengthening of the Imbalie Beauty Training Academy to provide business and beauty training for franchisees and their staff and the establishment of a Learnership Programme for nail technicians.
6. Systemisation of our Perfect 10 Nail and Body Studios.

System-wide sales revenue (including gift cards), for the six months ended 31 August 2012, grew by 63% to R99.1 million (2011: R60.8 million) through the group's franchise and corporate store system incorporating Placecol Skin Care Clinics, Dream Nails Beauty salons, World of Beauty and Perfect 10 Nails & Body Studios. Beauty care remains very important to South African consumers, however consumers remain cautious and price-sensitive and will continue to be prudent in the years ahead.

FINANCIAL RESULTS

Group revenue increased by 14.1% to R34.9 million (2011: R30.6 million) during the interim period as a result of the Perfect 10 acquisition, effective marketing and increased royalty income earned. Gross profit increased by 10.6% to R22.3 million (2011: R20.2 million) and gross profit margins decreased by 2% to 64% (2011: 66%), due to the sell through of new brands and promotional offerings distributed by the group to beauty salons, which attract lower margins.

Operating expenses increased by 7.9% to R19.5 million (2011: R18.1 million), due to once off expenses relating to the integration of the Perfect 10 acquisition and the name change to Imbalie Beauty Limited. Overhead structures were strengthened during the interim period, but will be monitored closely to ensure cost effectiveness for the remainder of the financial year. This will be an ongoing process.

Corporate stores available for resale to the value of R5.7 million are included in inventories. It remains a primary focus point of management to sell these stores to franchisees in order to strengthen the cash flow of the group, the profitability of our corporate stores improved during the interim period. The group had no material capital commitments for the purchase of property, plant and equipment as at 31 August 2012.

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

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

PROSPECTS

The group has many new franchise opportunities, but will remain prudent when opening new stores to ensure that a sustainable group is created. The Imbalie

Beauty group will continue to seek growth opportunities in line with our vision to be the largest beauty franchisor in South Africa.

The group will continue to focus on training their staff members, providing post development training to all salons to ensure standardisation and service excellence levels across the various brands.

Notwithstanding positive financial results, Imbalie Beauty remains focused on training, marketing and innovation as well as growing the number of franchised outlets over the next financial period with the main objective of ensuring sustainable franchisee profitability.

DIRECTORATE

Hilda Lunderstedt (B.Sc (Pharm)) was appointed as the Non-executive Chairman of the Board on 3 May 2012.

Hilda Lunderstedt has over 10 years' experience in the health and wellness industry. Hilda's strong entrepreneurial skills and flair will add to the current expertise within our growing organisation. Her initial focus will be on enhancing Imbalie Beauty's current marketing and sales strategy, ensuring a customer-centric approach that is in line with market trends.

Theo Schoeman stepped down as the Independent Chairman and assumed the role of Lead Independent Non-Executive Director.

BASIS OF PREPARATION

The reviewed condensed interim financial results have been prepared in accordance with IAS 34 (Interim Financial Reporting) the AC500 Standards, the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act.

The accounting policies used to prepare these condensed interim financial results are consistent with those applied in the prior interim period and previous year-end, and are in accordance with International Financial Reporting Standards.

These condensed group interim financial statements were prepared by Melinda Malan, CA(SA).

POST BALANCE SHEET EVENTS

There are no subsequent events to report on.

STATEMENT ON GOING CONCERN

The financial statements have been prepared on the going-concern basis as the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

AUDITORS' REVIEW

The auditors, Nexia SAB&T, have reviewed these condensed group interim financial results for the period ended 31 August 2012. A copy of their unqualified review opinion is available for inspection at the company's registered office.

DIVIDEND POLICY

No dividend has been declared for the interim period.

APPRECIATION

The directors would like to thank our staff for their extended efforts and our partners for their support during the period.

By order of the Board

12 November 2012

Esna Colyn
Chief Executive Officer

Melinda Malan
Financial Director



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



CORPORATE INFORMATION

Non-executive directors: HA Lunderstedt (Chairman); TJ Schoeman* (Lead Independent); GSJ van Nieuwenhuizen*; MM Patel* (Chairman of Audit Committee); WP van der Merwe
* Independent

Executive directors: E Colyn (Chief Executive Officer); M Malan (Financial Director)

Registration number: 2003/025374/06

Registered address: Imbalie Beauty Boulevard, Samrand Avenue, Kosmosdal X4, Centurion 0157

Postal address: PO Box 8833, Centurion, 0046

Company secretary: Ithemba Governance and Statutory Solutions (Pty) Limited

Telephone: (012) 621 3300

Facsimile: (012) 621 3369

Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited

Designated Adviser: Grindrod Bank Limited

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	% Change	Reviewed 6 months Aug 2012 R'000	Reviewed 6 months Aug 2011 R'000	Audited 12 months Feb 2012 R'000
Revenue	14.1	34 916	30 599	61 888
Cost of sales	(20.9)	(12 629)	(10 445)	(19 469)
Gross profit	10.6	22 287	20 154	42 419
Other income	51.2	647	428	705
Operating expenses	(7.9)	(19 519)	(18 086)	(38 362)
Earnings before interest, taxation, depreciation and amortisation	36.8	3 415	2 496	4 762
Depreciation and amortisation	7.8	(412)	(447)	(856)
Profit before interest and taxation	46.6	3 003	2 049	3 906
Investment revenue	(90.5)	57	297	403
Finance costs	(24.3)	(778)	(626)	(1 214)
Profit before taxation	32.7	2 282	1 720	3 095
Taxation	(25.8)	(687)	(546)	(559)
Total comprehensive income attributable to ordinary shareholders	35.9	1 595	1 174	2 536
Reconciliation of headline earnings:				
Profit attributable to ordinary shareholders	35.9	1 595	1 174	2 536
Adjusted for:				
Loss on disposal of non-current assets		-	-	(19)
Headline earnings attributable to ordinary shareholders	35.9	1 595	1 174	2 517
Number of ordinary shares in issue on which earnings per share are based				
- weighted and diluted average		295 870 463	236 172 773	236 172 773
Earnings per share (cents)		0.5	0.5	1.07
Headline earnings per share (cents)		0.5	0.5	1.07
Fully diluted earnings per share (cents)		0.5	0.5	1.07
Fully diluted headline earnings per share (cents)		0.5	0.5	1.07

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Reviewed Aug 2012 R'000	Reviewed Aug 2011 R'000	Audited Feb 2012 R'000
ASSETS			
Non-current assets	38 878	25 218	24 131
Property, plant and equipment	4 622	5 418	4 857
Goodwill and intangible assets	22 267	7 274	7 343
Other financial assets	1 536	1 215	780
Deferred taxation	10 453	11 311	11 151
Current assets	24 979	23 105	23 710
Inventories	13 592	12 815	12 659
Other financial assets	2 774	4 890	2 200
Current tax receivable	86	86	86
Trade and other receivables	8 339	5 148	8 612
Cash and cash equivalents	188	166	153
Total assets	63 857	48 323	47 841
EQUITY AND LIABILITIES			
Equity	41 110	20 653	22 015
Share capital	67 330	49 830	49 830
Retained earnings	(26 220)	(29 177)	(27 815)
Non-current liabilities	8 948	6 837	3 786
Other financial liabilities	8 948	6 607	3 775
Deferred taxation	-	-	11
Operating lease liability	-	230	-
Current liabilities	13 799	20 833	22 040
Shareholders' loans	-	5 035	5 218
Trade and other payables	5 944	6 515	5 724
Other financial liabilities	3 540	4 882	5 813
Current tax payable	186	577	375
Finance and operating lease liabilities	240	-	218
Bank overdraft	3 889	3 824	4 692
Total equity and liabilities	63 857	48 323	47 841
Number of shares in issue at period end	345 547 773	236 172 773	236 172 773
Net asset value per share (cents)	11.9	8.7	9.3
Net tangible asset value per share (cents)	5.5	5.7	6.2

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Reviewed 6 months Aug 2012 R'000	Reviewed 6 months Aug 2011 R'000	Audited 12 months Feb 2012 R'000
Balance at beginning of period	22 015	19 479	19 479
Changes in equity	17 500	-	-
Total comprehensive income for the period	1 595	1 174	2 536
Balance at end of period	41 110	20 653	22 015

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Reviewed 6 months Aug 2012 R'000	Reviewed 6 months Aug 2011 R'000	Audited 12 months Feb 2012 R'000
Cash flows from operating activities	2 089	(1 412)	(3 764)
Cash flows (used)/from investing activities	(16 444)	(803)	2 384
Cash flows from financing activities	15 193	2 767	1 051
Net increase/(decrease) in cash and cash equivalents	838	552	(329)
Cash and cash equivalents at beginning of period	(4 539)	(4 210)	(4 210)
Cash and cash equivalents at end of period	(3 701)	(3 658)	(4 539)

SEGMENTAL REPORTING

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

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

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

OVERVIEW

The directors of Imbalie Beauty are pleased to present the reviewed interim results for the six months ended 31 August 2012 ("interim period"). The group entered a new phase during its interim period with the acquisition of the Perfect 10 franchise group, taking the salon chain to 150 franchised and corporate beauty salons nationally, ensuring that it remains the largest franchisor in the beauty industry. Imbalie Beauty is mainly a franchisor that markets and distributes its own and independent health and beauty brands to its own distribution footprint of 150 owned and franchised beauty salons, large retailers, independent beauty salons and selected pharmacies.

The announcement of the acquisition was made simultaneously to Skinwell Holdings launching its new name and brand, namely "Imbalie Beauty".