IMBALIE BEAUTY

INTEGRATED ANNUAL REPORT 2017


IMBALI
BEAUTY

Contents

About Imbalie

Corporate Governance

Environment

Annual Financial Statements

ABOUT IMBALIE BEAUTY

The Leading And Most Desirable Beauty And Wellness Franchise Group

ABOUT IMBALIE

Imbalie Beauty is a franchisor that markets and distributes its own and independent health and beauty brands to its own distribution footprint of more than 150 mainly franchised and owned beauty salons, independent beauty salons and selected pharmacies. It has three main salon brands namely Placecol Skin Care Clinic, Dream Nails Beauty and Perfect 10 Nail & Body Studio.

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

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

VISION AND MISSION

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

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

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

VALUES

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

IMBALIE BEAUTY GUARANTEE

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

AWARDS

AWARDS:	**Woman & Home Best of Beauty Awards**	POSITION
CATEGORY:	**Best Face Oil (in Best Skin Care division)**	1st
BRAND:	**Placecol Skin Care Products**	
PRODUCT:	**Placecol Illumine Reviving Oil**	

AWARDS:	**Woman & Home Best of Beauty Awards**	POSITION
CATEGORY:	**Best New Product (in Best Anti-Ageing division)**	1st
BRAND:	**Skinderm**	
PRODUCT:	**Skinderm Optimise Brightening+ Elixir**	

AWARDS:	**FASA Awards**	POSITION
CATEGORY:	**Franchisee of the Year**	1st
BRAND:	**Placecol Skin Care Products**	
PRODUCT:	**Madelein Klopper (PSCC Elardus Park, Doringkloof, Watermeyer)**	

AWARDS	CATEGORY	BRAND	PRODUCT	POSITION
Marie Claire SA PRIX D'EXCELLENCE DE LA BEAUTÉ	Best Local Product	Placecol Skin Care Products	Placecol Illumine Retinol Serum	Runner-up
Marie Claire SA PRIX D'EXCELLENCE DE LA BEAUTÉ	Best Local Product	Skinderm	Skinderm Pure Exfoliating Glo Pads	Runner-up
FASA Awards	Franchisee of the Year	Perfect 10 Nail & Body Studios	Kalai Moodley - P10 Ballito	Finalist
FASA Awards	Brand Builder of the Year	Placecol Skin Care	n/a	Finalist

BUSINESS MODEL

IMBALIE® BEAUTY

IMBALIE® TRAINING ACADEMY

Placecol® skin care clinic

Dream Nails Beauty®

perfect10®

Placecol® aesthetic clinic

Placecol® on the go

PlacecolSPA®

SUPPORT STRUCTURE

IMBALIE® BEAUTY

Imbalie Beauty

As a franchise group we provide support in the following areas:

- **Training**
- **Marketing**
- **Customer care**
- **Procurement and distribution**
- **Research & development**
- **Quality control**
- **Standardised systems**
- **Administration**

IMBALIE® BEAUTY ACADEMY

Imbalie Beauty Academy

"Old school smarts meet modern day brilliance."

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

We believe that our expertise in the beauty and training industry combined with the extensive academic and practical training process will help us reach our key objective to graduate confident, well trained, skilled, success orientated and business savvy graduates.

MAIN SALON BRANDS

PLACECOL®

Placecol is an authentic South African franchise brand offering, committed to ongoing innovation delivering high quality professional skin care products, treatments and technology. Placecol on the go is our latest unique express treatment offering that will soon be available in select large retail outlets. We have enhanced our unique Placecol offering where our existing 70 outlets comprise of:

- 65 Placecol Skin Care Clinics
- 4 Placecol Aesthetic Clinics
- 1 PlacecolSPA



DREAM NAILS BEAUTY®

Dream Nails Beauty is a 31 year old beauty franchise brand with 33 outlets nationwide. The Dream Nails franchise offering is committed to deliver high quality beauty and nail enhancements, by using only leading nail brands in the industry ensuring that the highest of standards are maintained.


PERFECT 10® NAIL & BODY STUDIO

The Perfect 10 brand is a 14 year old popular beauty franchise brand in South Africa. With a brand new look and feel that is being rolled out across the 51 Perfect 10 franchise outlets, the brand radiates modern elegance for their distinguished customers.



OWN BRANDS

Placecol®

Placecol®
ILLUMINÉ

skinderm®

EXCLUSIVE BRANDS

bodyography™
PROFESSIONAL COSMETICS

BEAUTÉ PACIFIQUE
MADE IN DENMARK

BIOEFFECT


23
IMBALIE
BEAUTY


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BOARD OF DIRECTORS

MITESH PATEL

Independent
Chairman of the Board
BCom Hons (CA) SA

Mitesh Patel is a qualified Chartered Accountant and has over 10 years of experience in assurance and business advisory, both in the private and public sector. Mitesh is currently the Managing Partner of Nkonki Inc. Mitesh has also been involved in Audit Committees for at least ten years. Mitesh is an Independent Non-Executive Director and Chairman of Audit Committees of companies listed on Johannesburg Stock Exchange. Mitesh is the Chairman of Imbalie Beauty Limited and Wearne Limited, he is also the chairman of Audit Committee of Howden Africa Limited and Chairman of the Risk Committee of Verimark Limited. Mitesh has a very strong grasp of corporate governance principals, Risk Management, Director Responsibilities Principles, Integrated Reporting and the new Companies Act 71 of 2008 and has been advising the private and public sector on best practice recommendations of King III and Compliance with new Companies Act 71 of 2008.

PUMLA TLADI

Independent
Chairman of the Social and Ethics Committee
BCom

Pumla holds a BCom Degree from the University of Natal (Durban). She has 16 years of banking experience in the personal, SMME and Corporate lending areas of Nedbank, Standard Bank, Rand Merchant Bank (RMB) and Investec. Her specialities include property finance and structured lending. She held the position of Gauteng Regional chairperson of the Women's Property Network (WPN) from 2008 to 2010 and has been affiliated to bodies such as the South African Institute of Black Property Professionals (SAIBPP) and Women in Finance (WIF). Pumla also holds a post graduate diploma in Property Development (PDP) with she obtained through UCT Graduate School of Business.

THEO SCHOEMAN

Independent
Chairman of the Audit and Risk Committee
BCom (Computer Science), BCom Hons (CA) SA

Theo served his articles with Coopers & Lybrand. He has a corporate finance background and his wide business experience encompasses, inter alia, industry consolidation and the set-up of new businesses, involvement with new listings and also has international experience. He received the "Centurion Businessman of the Year" award in 2005. He is currently the Chief Executive Officer of the Centurion Academy.

WESSEL VAN DER MERWE

Non-Executive Director*
BCom Hons; CA (SA)

Wessel has accumulated more than 20 years' experience in investment banking and corporate finance. He completed his articles with Arthur Anderson before spending three years in investment banking at Gensec Bank. Wessel then founded a corporate finance business and later co-founded a JSE-Sponsor business, which was responsible for the most listings on the JSE's AltX to date. Wessel is experienced in all aspects of corporate finance, but his specific skills lie in deal negotiation and structuring as well as capital raising. He has an extensive network of clients and introduced BEE shareholders into most of the listings undertaken by his business.

**Wessel's role changed from Financial and Corporate Strategy director on 27 March 2017 when he transitioned to a non-executive director.*

ESNA COLYN

Chief Executive Officer
BCom Hons; CA (SA)

Esna joined Imbalie Beauty in May 2010 as the CEO of the Group, after many years' experience in banking, private equity and corporate finance. One of Esna's proudest moments at Imbalie Beauty was two years later in March 2012 when Imbalie Beauty acquired the Perfect 10 Franchise chain of approximately 55 beauty salons nationally, establishing the Imbalie Beauty Group as the leading and most desirable beauty franchise group with more than 150 beauty salons. Esna assisted in simplifying the internal structures for the franchisees, to become more efficient as a franchisor and to offer enhanced support to the franchisees. In line with achieving the Group's vision, of being the leading and most desirable beauty franchise group, the Group embarked on "project facelift" four years ago and has revamped more than 100 beauty salons to date. Another significant milestone achieved in July 2015 was the completion and successful launch of the upgrade of the Placecol skin care range, a 35 year old skin care range. The Placecol skin care range is now considered to be the one of the leading skin care ranges in South Africa. In 2016, Imbalie Beauty launched Skinderm - a leading skin care range into its Perfect 10 franchise group.

DEBBIE WOLFENDALE

Executive Director: Marketing, Sales and Training
H Dip in Somatology

Debbie was the Managing Director of Prana Products and has more than 30 years' experience in the cosmetic and skincare industry. She has a passion and drive for people and beauty products.

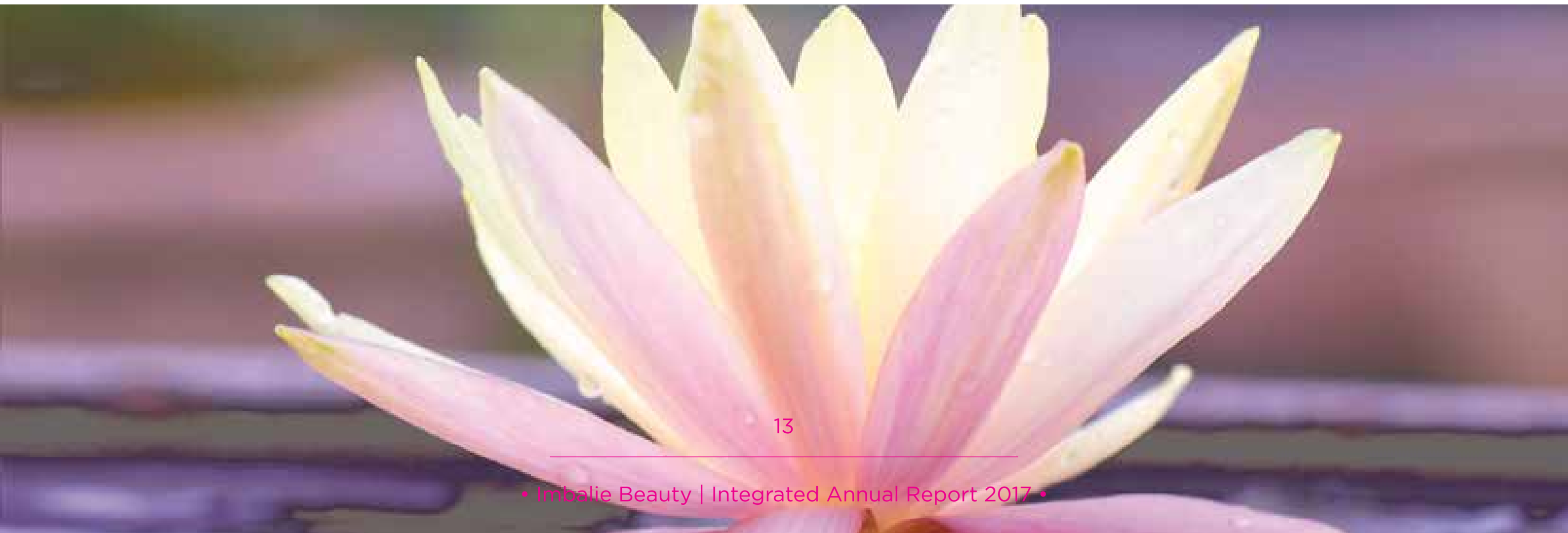
Debbie completed studies in 1985, and started to work with the Clarins group in KZN. Thereafter, she completed a two year lecturing cycle at the then Natal Technikon, in all subjects in the Health and Allied Medicine department. Debbie then relocated to Johannesburg and started her career with the Clarins Group as National Education Manager. She then became a Director of Education, and finally Managing Director. In 2011 Debbie ventured out alone, and headed up her own company – Prana Products as the CEO – importing and distributing Mediceuticals and Professional colour and hair brands. Today, Debbie and her company, Prana, have been integrated into Imbalie, where Debbie heads up Sales, Marketing, Customer care and Training – as an executive director.

JARRYD PRINCE

Financial Director*
BAcc Hons (CA) SA

Jarryd, who comes from a corporate finance background at the Industrial Development Corporation is a dynamic and vibrant Chartered Accountant, prides himself on hard work, dedication, collaboration and team work.

**Jarryd was appointed on 27 March 2017.*



REPORT OF THE CHAIRMAN AND CEO

"To educate, uplift and develop leaders and their teams in business"

Background

On 21 August 2017 Imbalie Beauty Limited marked its 10 year anniversary of being listed on the Altx of the JSE. The company boasts their own renowned skin care brands: *Placecol* and *Skinderm*. The Imbalie Beauty group, which includes the well-known beauty salon brands *Placecol*, *Dream Nails Beauty* and *Perfect 10* has more than 150 beauty salons within their national footprint and performs more than 100 000 beauty treatments per month.

Future

In August 2017 the company entered into an agreement with a large retailer to be their strategic partner to introduce the salon within their store concept. The retailer approved the "*Placecol on-the-go*" concept which will be classified in the beauty-on-demand category for stress-rich, time-constrained consumers. This strategic alliance is expected to double the existing *Placecol* footprint and will have a tremendous positive impact on *Placecol's* brand credibility and awareness.

These Concession Areas/Store-in-stores will be managed by an owner operator compliant franchise owner who is currently operating within the territory.

Action plan and the way forward

The Imbalie group has over the last 3 years been on a continuous journey of repositioning the underlying salon and product brands to ensure that the brands remain relevant in the eyes of the consumer. Both the *Placecol* and *Skinderm* skin care products and *Placecol* salon brands have won numerous industry awards from the consumer industry as well as the Pharmaceutical and Cosmetic industry. Executive Management are now poised to introduce the final simplification process of the group to position the group for long-term sustainability and ongoing monthly profitability.

The economic engine of Imbalie Beauty is driven by the successful sell through of its own product brands. The company will in future be managed in 2 distinct divisions, namely; a Franchise Division, and a Products Division.

The objective of the Franchise Division will be to provide all own-branded beauty products to salons to make it easy for salon owners to buy the best quality products (skin care, nail care, make-up and waxing) at the best price from the franchisor.

Our purpose

Through originality and innovation the purpose of Imbalie Beauty is to use our wealth of knowledge, talented teams and scientific partners to provide quality, results driven, affordable luxe beauty products, without the loss of quality, as well as convenience to embrace our richly diverse vitality conscious customers to add value to their lives and that of their families through unique signature treatments and products to make a positive change to their world.

Appreciation

The directors would like to thank our Imbalie Beauty team for their extended efforts and our clients, strategic partners and suppliers for their continued support during the year.

Mitesh Patel
Chairman of the Board

Esna Colyn
Chief Executive Officer



AUDIT AND RISK COMMITTEE REPORT

BACKGROUND

The Committee presents its report for the financial year ended 28 February 2017 as recommended by the King III report on Corporate Governance and in line with the Companies Act of South Africa, 2008 (Act 71 of 2008) ("the Act").

OBJECTIVE AND SCOPE

The overall objectives of the Committee are as follows:

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

The committee performed the following activities:

- Received and reviewed reports from external auditors concerning the effectiveness of the internal control environment, systems and processes;
- Reviewed the reports of external auditors detailing their concerns arising out of their audits, and requested appropriate responses from management resulting in their concerns being addressed;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence; and
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
    - the audited results for the year ended 28 February 2017; and
    - the interim results for the six months ended 31 August 2016.

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

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

MEMBERSHIP

During the course of the year, the membership of the Committee was comprised solely of independent non-executive directors. They are Theo Schoeman (Independent Chairman), Mitesh Patel and Pumla Tladi.

EXTERNAL AUDIT

The Committee has satisfied itself through enquiry that the auditor of Imbalie Beauty Limited is independent as defined by the Act. The Committee, in consultation with executive management, agreed to an audit fee for the 2017 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. There is a formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and each engagement letter for such work is reviewed in accordance with set policy and procedure. Meetings were held with the auditor where management was not present, and no matters of concern were raised. The Committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, Nexia SAB&T, as the external auditor for the 2017 financial year.

ANNUAL FINANCIAL STATEMENTS

The Audit Committee has evaluated the consolidated annual financial statements for the year 28 February 2017 and considers that they comply, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The Committee has therefore recommended the annual financial statements for approval to the board. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

COMPANIES ACT

The Audit Committee, together with the board and management, has taken appropriate steps to ensure that the Company had processes in place to comply fully with the Companies Act of South Africa, 2008 (Act 71 of 2008), before the conclusion of the financial year ended 28 February 2017.

TJ Schoeman
Audit and Risk Committee Chairman
26 September 2017

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

The Imbalie board strives to live out the company's core values of integrity, teamwork, responsibility, accountability and accuracy and in line with these Imbalie is committed to upholding the highest standards of good governance and ethics while remaining wholly committed to our vision of being the leading and most desirable beauty and wellness franchise group.

Imbalie Beauty Limited ("the Company") is guided by the JSE Listing Requirements, Companies Act No. 71 of 2008, as amended ("Companies Act"); King Code on Governance 2009 ("King III") and international best practice on corporate governance. This report sets out some of the key principles adopted by the Board relating to the governance of its activities and its interaction with stakeholders.

Good corporate governance contributes to sustainable economic development by enhancing the performance of companies and increasing their access to external capital. The Board is committed to enhancing and consistently reviewing the corporate governance processes of the Company, to deliver on the mandate and to ensure that best principles are applied. It is essential that the directors apply their minds to what is in the best interest of the Company from time to time. King III is based on the "apply or explain principle" expecting the Board to apply recommendations which are in the best interests of the Company and a reason should be provided where the recommendations are not applied.

APPLICATION OF KING III WITHIN IMBALIE BEAUTY LIMITED

2.1	The Board should act as the focal point for and custodian of corporate governance	Applied	The Board has a Board Charter in place that details and governs the manner in which the business is to be conducted by the Board in accordance with the principles of sound corporate governance
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	The Board continually reviews and ensures alignment of our vision, mission and strategy to the principles set out in King III
2.3	The Board should provide effective leadership based on an ethical foundation	Applied	The Board Charter regulates and deals with Board leadership, and defines the separate responsibilities of the Chairman and the Chief Executive Officer (CEO). The Board also ensure compliance with the Company's Code of Ethics.
2.4	The Board should ensure that the company is seen to be a responsible corporate citizen	Applied	The Social and Ethics Committee is responsible for regulating the responsible corporate citizenship efforts
2.5	The Board should ensure that the company's ethics are managed effectively	Applied	Please refer to the paragraph on the Social and Ethics Committee as part of the Corporate Governance Report
2.6	The Board should ensure that the company has an effective and independent audit Committee	Applied	Please see the paragraph on the Audit Committee as part of the Corporate Governance Report
2.7	The Board should be responsible for the governance of risk	Applied	Please refer to the paragraph on the Audit & Risk Committee as part of the Corporate Governance Report
2.8	The Board should be responsible for Information Technology (IT) governance	Explained	The Group IT structure is a standardised system and therefore the Board is committed to comply with best practice. The Group's IT structure is not complex. Standardised systems are in place and therefore IT governance minimal standards are complied with and managed by the IT Steering Committee. The IT Steering Committee Charter was finalised during the period. The function currently fell within the portfolio of the IT manager, who reports directly to the Executive Committee. The IT team was strengthened during the period to ensure the compliance as stated above
2.9	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	The Board as well as all the Committees are dedicated to ensure compliance with applicable laws and consider adherence to non-binding rules, codes and standards

2.10	The Board should ensure that there is an effective risk-based internal audit	Explained	Due to cost constraints, the Company does not have a formal appointed internal auditor and or internal audit department. Internal audit related functions are fulfilled and various procedures and controls are in place to address discrepancies identified. The Risk Matrix and the Risk Committee monitor all internal controls and procedures to develop the combined assurance model. Formal reporting to the Audit Committee on the processes is done on a regular basis
2.11	The Board should appreciate that stakeholders' perceptions affect the company's reputation	Applied	The Board notes the Group's stakeholders' relationships on a regular basis. Regular communications are sent out to key stakeholders on any issues that may impact them
2.12	The Board should ensure the integrity of the company's integrated report	Applied	The Audit and Risk committee are responsible for the annual report and approve the report prior to publication
2.13	The Board should report on the effectiveness of the company's system of internal controls	Applied	Please refer to the paragraph on the Audit and Risk Committee as part of the Corporate Governance Report
2.14	The Board and its directors should act in the best interests of the company	Applied	This forms part of the Board's Charter, which is reviewed on an annual basis. Any directors interests are disclosed at each Board meeting and the company secretary maintains a register of these interests
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act	Applied	Regular solvency and liquidity tests are performed and the Board continually monitors the financial situation of the Company
2.16	The Board should elect a Chairman of the Board who is an independent non-executive director. The CEO of the company should not also fulfill the role of Chairman of the Board	Applied	The Chairman, Mr Patel is an independent non-executive director. The role of Chairperson is defined in the Board charter
2.17	The Board should appoint the CEO and establish a framework for the delegation of authority	Applied	The CEO of the Company is Esna Colyn. Ms Colyn's role is well defined and there exists a succession plan for her
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied	The Board comprises of seven directors of whom three are executive directors and four are non-executive directors. Three of the four non-executive directors are independent
2.19	Directors should be appointed through a formal process	Applied	Please refer to the paragraph on the Remuneration and Nominations Committee as part of the Corporate Governance Report
2.20	The induction and ongoing training and development of directors should be conducted through formal processes.	Applied	The Board will continue to focus on improvements and attend training courses for overall improvement
2.21	The Board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	Please refer to the paragraph on the Company Secretary as part of the Corporate Governance Report
2.22	The evaluation of the Board, its Committees and the individual directors should be performed every year	Applied	Self-assessments were completed for the period under review and the Board will continue to focus on improvements
2.23	The Board should delegate certain functions to well- structured Committees but without abdicating its own responsibilities	Applied	Please refer to the paragraphs on Board Committees, part of the Corporate Governance Report
2.24	A governance framework should be agreed between the group and its subsidiaries	Applied	The governance framework forms part of the Board's work plan
2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	Please refer to the paragraph on the Remuneration and Nominations Committee, part of the Corporate Governance Report
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Applied	Please refer to the Annual Financial Statements
2.27	Shareholders should approve the Company's remuneration policy	Applied	The Group's Remuneration Policy is included as a non-binding advisory vote

Corporate Governance Report

BOARD OF DIRECTORS

The Board includes both executive and non-executive directors, in order to maintain a balance of power and to ensure that independent unbiased decisions are made. The Board of Directors' oversees the governance of Imbalie, in accordance with the principles set out in the Companies Act and King III. The Board is committed to best practice principles that include, ethical fairness, accountability, transparency and social development. The Board is the highest governing authority of the Company. The Board Charter outlines the objectives and responsibilities. The Sub-Committees operate in accordance with written terms of reference, which are regularly reviewed by the Board. The Board takes ultimate responsibility for the Company's adherence to sound corporate governance standards and sees to it that all business decisions and judgments' are made with reasonable care, skill and diligence.

Non-executive directors are expected to contribute an independent view on matters considered by the Board. They have unrestricted access to external auditors and maintain a sound view at all times. All directors have the requisite knowledge and experience required to properly execute their duties, and all participate actively in Board meetings. In terms of the Memorandum of Incorporation ("MOI") the number of directors shall not be less than four. The Board comprises of seven directors, of whom three are executive directors and four non-executive directors.

Responsibilities of the Board

The duties and responsibilities of the Company's Board are clearly defined in the approved Board Charter and the MOI. The Board is responsible for effective control over the affairs of the Company and provides strategic direction to management. The Board monitors the performance of management through the Audit and Risk, Social and Ethics, as well as the Remuneration and Nominations Committees. With advice from the Remuneration and Nominations Committee, the Board ensures that competent candidates with the expertise are elected as non-executive independent directors. The Board remains under constant review to ensure the optimum mix of skills and experience to maintain balance in terms of independence of directors. The Board has the responsibility of reviewing and adopting the terms of reference of its Sub- Committees.

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

The CEO has the responsibility of managing daily the Group's affairs. The Board is kept informed of all developments in the Company through the Executive Directors and the Company Secretary.

Board Composition (At the time of publication of this Report)

MM Patel	(Chairman)
TJ Schoeman	(Independent Non-Executive Director)
P Tladi	(Independent Non-Executive Director)
WP Van Der Merwe*	(Non-Executive Director)
E Colyn	(Executive Director)
DL Wolfendale	(Executive Director)
J Prince*	(Executive Director)

**J Prince was appointed effective 27 March 2017. Mr WP Van Der Merwe resigned as an Executive Director and became a Non-Executive Director*

The Board meets a minimum of four times a year, with additional meetings as and when required. Material decisions may be taken between meetings. The non-executive directors are provided with comprehensive information necessary to discharge their responsibilities, individually and as a Board and in certain instances, as Board Committee members.

Attendance table of Board meetings during the financial year ended 28 February 2017

Member	30-05-2016	19-08-2016	30-09-2016	23-02-2017
MM Patel	P	P	P	P
WP Van Der Merwe	P	P	P	P
E Colyn	P	P	P	P
TJ Schoeman	A	P	A	P
P Tladi	P	P	A	A
D Wolfendale	P	P	P	P

Key: P - Present A – Absent

BOARD CHARTER

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

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

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

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

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

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

COMPANY SECRETARY

The Board has the responsibility of appointment and removal of Company Secretaries. iThemba Governance and Statutory Solutions (Pty) Limited resigned as Company Secretary effective from 31 April 2016. Arenkwe Governance Services ("Arenkwe") was appointed as the Company Secretary with effect from 1 June 2016. The Board is content that Arenkwe is competent to fulfill the Company Secretariat function. In compliance with the JSE Listings Requirements, the Board has satisfied itself of the competence, qualifications and experience of the Company Secretary by way of a formal review of these items. The Company Secretary is independent and is not a related party in the Group.

The Company Secretary is fully empowered by the Board to perform the function and reports directly to the Independent Non-Executive Chairperson. Amongst other duties, the Company Secretary ensures that the Company adheres to all legislative, regulatory and Shareholder requirements by advising the Board on all legislation and governance issues affecting the Company, assisting the directors in execution of their duty of care, skill and diligence. The Board members have unrestricted access to the advice and guidance of the Company Secretary. The Company Secretary has an independent relationship with the Board of directors. Arenkwe is represented by Natasha Camhee *(Chartered Secretary) (FCIS) (HDip: Corporate Law) (Certified Ethics Officer) (ACIBM) (IWFSA: Fellow)*.

ROTATION AND RETIREMENT FROM THE BOARD

In accordance with the board charter, one-third of the non-executive directors shall retire from office at each annual general meeting and their re-appointment is subject to Shareholders' approval. All non-executive directors are subject to retirement and re-election by Shareholders every second year. The Board, assisted by the Remuneration and Nominations Committee, recommends the eligibility of the retiring director (subject to availability and his/her contribution to the business) for re-appointment. The director retiring by rotation at the forthcoming annual general meeting is Ms P Tladi.

RENUMERATION

Details of directors' fees and remuneration are fully disclosed in the Annual Financial Statements. Furthermore, the projected fees to be paid to non-executive directors for approval by Shareholders by way of a special resolution are set out in the notice of the annual general meeting forming part of this report. Non-executive directors only receive a fee which is due to them as members of the Board. Directors serving as members on Board sub-Committees receive additional remuneration. Remuneration of Executive directors in their capacities as management team as recommended by the Remuneration and Nomination Committee is fully disclosed in the financial statements.

MONITORING OF PERFORMANCE

The Remuneration and Nominations Committee assists in the appointment of the Chairperson by the Board on an annual basis. The independence of non-executive directors is assessed by the Remuneration and Nominations Committee annually. At the last meeting of the 2017 financial year a detailed self-assessment of the performance of the Board and its Committees was conducted in line with the latest recommendations by King III and the results thereof were considered in order to identify areas for improvement. The assessments found the structures and processes governing the Board and its Committees were well-established and functioning satisfactorily. Moreover the Board had fulfilled its roles and responsibilities and had discharged its obligations to the Company, Shareholders and other stakeholders in an impeccable manner.

BOARD COMMITTEES

The Board has established a number of standing Committees. Each Committee has agreed terms of reference as approved by the Board that addresses issues such as composition, duties, responsibilities and scope of authority. Although the Board delegates certain functions to these Committees, it retains final responsibility for their activities. The Chairperson of the Committee should be a non-executive director. Committees operate in accordance with Board approved terms of reference, as well as annual work plans, which are reviewed and updated on a regular basis to align them with best practice. The Board has the responsibility of appointing the Chairperson and the members of each Committee. In addition, performance evaluations of the Committees is conducted on an annual basis, the respective findings are reported to the Board for consideration. The Board Committees comprise of Audit and Risk, Remuneration and Nomination as well as a Social and Ethics Committees.

AUDIT AND RISK COMMITTEE

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

Mr TJ Schoeman	(Chairman);
Mr MM Patel	(Independent Non-Executive Director) and;
Ms P Tladi	(Independent Non-Executive Director).

The Board is satisfied that the members meet the definition of non-executive directors, acting independently, as defined in the Companies Act. The Committee is satisfied that the responsibilities as stated in the terms of reference have been fulfilled. The terms of reference for the Committee intend to ensure compliance with governance recommendations and statutory requirements. The Board believes that the members collectively possess the knowledge and experience to exercise oversight of the Company's financial management, external auditors, the quality of financial controls, the preparation and evaluation of financial statements and financial reporting.

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

The Committee is responsible for the following:

- Incorporating annual financial statements, interim reports, preliminary or provisional result announcements;
- Reviewing and recommendation of the annual financial statements to the Board for approval;
- Completion the integrated report and gives it to the Board for approval;
- Monitor significant judgments and reporting decisions affecting the integrated report made by management;
- Makes a statement on the going concern status of the Company;
- Reviews sustainability information to ensure that the information provides a proper appreciation of the key drivers that will enable the Company to achieve these forward-looking goals;
- Ensures that the Company carries out its responsibilities as they relate to financial and risk management and other reporting practices;
- Provides strategic guidance and assistance with regards to accounting policies and procedures, internal controls and management of risks;
- Monitoring of the risk management policy and plan and compliance with laws, regulations and ethics;
- Ensures risk management assessments are performed annually;
- Oversees the external audit processes;
- Evaluates the performance of the Chief Financial Officer;
- Govern (IT) and the effectiveness of the Company's information systems;
- Facilitates the relationship with the external auditors and for monitoring the non-audit services provided by the external auditors. The external auditors have direct access to the Chairperson of the Committee and attend all meetings of the Committee ensuring that auditors are able to maintain their independence;
- Recommends the appointment of a firm of external auditors to the Board who in turn will recommend the appointment to the shareholders;
- Determines that the designated appointee has the necessary experience, qualifications and skills and that the audit fee is adequate;
- Satisfies itself as to the appropriateness of the experience and expertise of the Financial Director as required in terms of the JSE Listings Requirements; and
- Reports to the Board and shareholders on how it has discharged its duty.

Attendance table of Audit and Risk Committee Meeting during the financial year ended 28 February 2017

Member/Invitee	24-05-2016	10-08-2016	14-02-2017
TJ Schoeman	A	P	P
MM Patel	P	P	P
P Tladi	P	P	A
E Colyn	P	P	P
WP van der Merwe	P	P	A

Key: P - Present A – Absent

RENUMERATION AND NOMINATION COMMITTEE

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

Mr TJ Schoeman	(Chairman of Remuneration Committee);
Mr MM Patel	(Chairman of Nominations Committee); and
Ms P Tladi	(Independent Non-Executive Director).

The Committee has the responsibility of:

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

Attendance table of Remuneration and Nominations Committee Meeting during the financial year ended 28 February 2017

Member/Invitee	24-05-2016	22-11-2016	14-02-2017
TJ Schoeman	A	P	P
MM Patel	P	P	P
P Tladi	P	P	A
E Colyn	P	P	P

Key: P - Present A – Absent

SOCIAL AND ETHICS COMMITTEE

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

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

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

The Social and Ethics Committee composition is a follows:

Ms P Tladi	(Chairperson);
Ms E Colyn	(Chief Executive Officer); and
Ms DL Wolfendale	(Executive Director: Marketing, Sales and Training).

Attendance table of Social and Ethics Committee Meeting during the financial year ended 28 February 2016

Member	22-11-2016	14-02-2017
P Tladi	P	A
E Colyn	P	P
D L Wolfendale	P	P

Key: P- Present A – Absent

CLOSED PERIODS

The Company complies with the JSE Listings Requirements as far as closed periods are concerned and a specific policy has been approved to address the procedures in respect of the trading in the Company's shares by directors of the listed entity and its major subsidiaries. Closed periods extend from 31 August and 28 February 2017, being the commencement of interim and year-end reporting dates, up to the date of announcement of the results and include any other period during which the Company is trading under cautionary announcement.

STAKEHOLDER COMMUNICATION

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

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

CODE OF CONDUCT

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

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

SOCIAL RESPONSIBILITY

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

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

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

EMPLOYEE WELFARE

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

THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

In future Imbalie Beauty will develop an explicit Company policy on human rights and provide effective training for its managers and staff in international human rights and standards. Imbalie Beauty is not complicit in human rights abuse and endeavours to ensure that all suppliers that are used are not in any way complicit in human rights abuses and if any are, to sever all ties with them and report them to the authorities.

LABOUR PRACTICES AND DECENT WORK ENVIRONMENT EMPLOYMENT

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

Occupational health and safety

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

Training and education

Imbalie Beauty recognises the importance of ongoing development and training. Our focus is on the development of skill of the beauty therapists, nail technicians, managers and franchisees within our footprint. The Imbalie Beauty Academy is the medium for providing training and upskilling our teams. Our Training Academy is the key to staff retention and empowering staff within our organisation.

HUMAN RIGHTS

Imbalie Beauty ensures it is compliant in terms of the Human Rights Principles, as set out by the United Nations Global Compact Principles.

Grace Ndebele was a 27 year old domestic worker. Her employer identified that Grace's passion was in the beauty industry. Her employer funded her initial nail technology training course with the Imbalie Beauty Academy. The mission of the Imbalie Beauty Academy is to empower woman. Grace displayed commitment and dedication and for this reason, we at the Imbalie Beauty Academy funded her a holistic massage training course to better equip her to find employment to better her life and live her passion. We found placement for Grace and today she herself is touching lives working in a hospital environment making patients feel valued and cared for.

COMMUNITY WELFARE

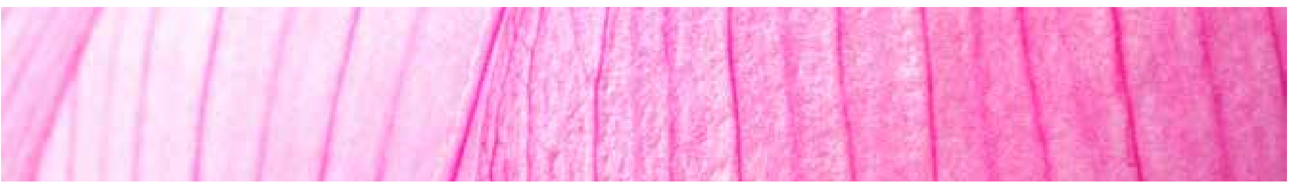
Imbalie Beauty launched its Training Academy in March 2016. The focus of the Academy remains offering world class, modular courses at affordable prices to the community. Our main benefit to the community is equipping first time learners and seasonal employees with the training, skills and confidence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

Employment Solutions

Imbalie Beauty utilises Employment Solutions for the packing of treatment packs that are utilised in the salons during facial treatments. Employment Solutions is a unique non-profit organisation that supplies training and creates employment possibilities for persons with a variety of disabilities, including physical disabilities, mental challenges and hearing impairment, across all borders of our society.

67 Minutes for Mandela Day

In celebration of Nelson Mandela Day, the Imbalie Beauty Academy has begun a recruitment drive over 3 platforms for 18 unemployed individuals to be nominated per platform by their community to win a fully funded manicure and pedicure course. The purpose of this is to help empower woman by developing a skillset that will not only enable them to earn an income but is a stepping stone to developing a long term sustainable career.



ENVIRONMENT

ENVIRONMENT

THE ENVIRONMENT

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

Materials, services and products:

All the products used within our skin care range are animal friendly and are not tested on animals as this is illegal to test on animals in South Africa. None of our brands contain parabens and are non-toxic to the environment as well as to the consumer. The product imported by Imbalie also conforms to the beauty without cruelty towards animals. For example our cosmetic range Bodyography is PETA certified, vegan friendly and gluten free. The warehouse we occupy is part of the Green Building Council of South Africa.

The lab where our products are manufactured has systems in place to eliminate as much water waste as possible (minimization of water use in production as a means for cleaning) to bring down water contamination as far as possible as the water returns into the water system.

At head office itself each individual is aware of their responsibility to save water and not to be wasteful.

All employees are encouraged to be mindful of the usage of not only water but paper as well. Imbalie Beauty ensures it is compliant in terms of the environment principles, as set out by the United Nations Global Compact Principles.

Energy:

We at Imbalie Beauty do our utmost to keep all IT equipment environmentally friendly and sustainable. A small example is the type of hard drives we prefer to use in our computer systems:

Energy Efficient Storage - WD Green hard drives are designed for use in systems that require cool and quiet operation, as well as low heat generation while using minimum electricity. These earth-friendly 2.5-inch and 3.5-inch hard drives are ideal for use whenever energy efficiency is needed.

The Advantage of Cool & Quiet - WD Green hard drives come equipped with WD Green Power Technology which allows the drive to operate cooler with increased overall reliability.

Imbalie Beauty ensures that all our salons are fitted with LED lighting. LED lights are up to 80% more efficient than the traditional lighting like fluorescent light. LED lights also draw much less power than traditional lighting as 95% of the energy in LED's is converted into light and only 5% is wasted as heat. Less energy use reduces the demand from power plants and decreases greenhouse gas emission. LED's also do not contain any toxic elements.


23
IMBALIE
BEAUTY

Annual Financial Statements

INDEX

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

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and their interpretations adopted by the International Accounting Standards Board, the Financial Reporting Guides issued by the Accounting Practices Committee of South African Institute of Chartered Accountants, the Listings Requirements of the JSE Limited and the Companies Act of South Africa. 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 their interpretations adopted by the International Accounting Standards Board, the Financial Reporting Guides issued by the Accounting Practices Committee of South African Institute of Chartered Accountants, the Listings Requirements of the JSE Limited and the Companies Act of South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

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

The external auditors are responsible for independently auditing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on page 35.

The annual financial statements set out on pages 38 to 71, which have been prepared on the going concern basis, were approved by the board of directors on 26 September 2017 and were signed on its behalf by

Ms E Colyn
Chief Executive Officer

Mr J Prince
(Financial director appointed 27 March 2017)

DECLARATION BY THE COMPANY SECRETARY

I certify, in my capacity as Company Secretary and in accordance with section 88 of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, that for the year ended 28 February 2017 the Company has lodged with the Registrar of Companies all such returns as are required from a public company in terms of the Act and that these returns are true, correct and up to date.

Natasha Camhee
For: Arenkwe Goverenance Services CC
Johannesburg
26 September 2017

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Imbalie Beauty Limited and its subsidiaries for the year ended 28 February 2017.

1. NATURE OF BUSINESS

Imbalie Beauty Limited and its subsidiaries is a franchisor and service provider of skin care, nail care and other beauty products incorporated in South Africa. The group operates principally in South Africa.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

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

3. AUTHORISED AND ISSUED SHARE CAPITAL

Refer to note 15 of the consolidated annual financial statements for detail of the movement in authorised and issued share capital.

4. DIVIDENDS

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

5. DIRECTORS

The directors in office at the date of this report are as follows:

Mr TJ Schoeman (Non-executive director, Chairman of Audit and Risk Committee)

Mr MM Patel (Independent non-executive director, Chairman of Board of Directors)

Ms P Tladi (Independent non-executive director)

Mr WP van der Merwe (Non-executive director, Resigned 27 March 2017 as Financial and Corporate Strategy Director)

Ms E Colyn (Chief executive officer)

Ms D Wolfendale (Executive Director: Marketing, Sales and Training)

Mr J Prince (Financial director appointed 27 March 2017)

6. DIRECTORS' INTERESTS IN COMPANY SHARES

The following directors of the company held direct and indirect interest in the issued share capital of the company at 28 February 2017.

Interests in shares

Director	2017 Direct	2017 Indirect	2017 Percentage Holding	2016 Direct	2016 Indirect	2016 Percentage Holding
Mr WP van der Merwe	-	191 169 065	30.35%	-	191 169 065	30.35%
Ms E Colyn (Chief executive officer)	53 000 000	-	8.41%	53 000 000	-	8.41%
Ms D Wolfendale (Executive Director: Marketing, Sales and Training)	5 000 000	-	0.79%	5 000 000	-	0.79%
Mr TJ Schoeman	-	73 500	0.01%	-	73 500	0.01%
	58 000 000	191 242 565	39.56	58 000 000	191 242 565	39.56

There was no movement on the above shareholding since the financial year-end and the date of this report.

7. NON-CURRENT ASSETS

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

8. INTERESTS IN SUBSIDIARIES

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

9. BORROWING LIMITATIONS

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

10. SPECIAL RESOLUTIONS

Special Resolutions passed for Imbalie Beauty Limited and its subsidiaries:

- Approval of chairman of the board fees- per month
- Approval of members of the board fees- per month
- Adhoc fee per hour
- Approval of financial assistance to all related and inter-related companies
- General approval to acquire shares

11. EVENTS AFTER THE REPORTING PERIOD

Share issue

The company concluded an issue of shares subsequent to year end whereby 4 166 666 shares were issued in terms of the conclusion of the Scinderm transaction.

CAVI Transaction

Imbalie accepted a conditional offer from CAVI on 7 July 2017, which, if all conditions precedent were met, would have resulted in CAVI acquiring 70% of the ordinary shares in certain of the operating subsidiaries of Imbalie for a purchase consideration of R25 million. The acquisition by CAVI would have comprised the greater part of the assets of Imbalie. Imbalie and CAVI have agreed not to proceed with the conditional offer from CAVI.

12. GOING CONCERN

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

While management are aware of the cash-flow pressures and significant uncertainty regarding the ongoing liquidity constraints of the group at year-end, they continue to assess the situation as one whereby the group is able to service its debts that will become due in the next 12 months and also fund operational losses that may arise. This assessment is based on the following:

- The Group can tap into the current mortgage bond facility which has an approximate drawdown potential of R5 million.
- The group entered into an agreement with a strategic retailer to open a store-in-store concept in conjunction with its franchise owners which has the potential to roll out a large number of salons. The first two concept salons will open during October and November 2017. The Group is excited about embarking on this project due to the renewed brand awareness that it will create for its existing salon footprint.
- The group commenced with exports of its own skin care brands into the SADC countries during August 2017.
- The group announced a proposed rights offer to shareholders to raise funds to support strengthen the balance sheet of the Group, to fund an internal restructuring of the Group and continue to fund the future growth of the Group.

With this the group has finalised a strategic internal restructuring plan to simplify operations and drastically reduce operating costs. Management is confident that the implementation of the above strategic interventions will improve and address the liquidity and cash flow position of the group over the next twelve months.

13. AUDITORS

Nexia SAB&T registered auditors continued in office in accordance with section 90 of the Companies Act of South Africa.

14. SECRETARY

The company secretary is Arenkwe Governance Services CC. Arenkwe Governance Services CC has been appointed as Company Secretary with effect from 1 June 2016 replacing iThemba Governance and Statutory Solutions (Pty) Limited who was the company secretary until 31 May 2016.

Postal address	**Business address**
P.O. Box 652	19 Titaan Road
Ruimsig	Wilropark
1732	1732

15. FINANCIAL STATEMENTS

The annual results and financial position of the group and company are set out on pages 38 to 71.

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Imbalie Beauty Limited

Report on the Audit of the Consolidated Annual Financial Statements

Opinion

We have audited the consolidated annual financial statements of Imbalie Beauty Limited and its subsidiaries (the group) set out on pages 38 to 71 , which comprise the consolidated and separate statement of financial position as at 28 February 2017, and the consolidated and separate statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 28 February 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate annual financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to the statement of going concern paragraph of the consolidated and separate annual financial statements as disclosed in note 32. The ability of the group to fund short term operations in the foreseeable future is largely dependent on the ability of the directors to arrange for working capital funding and the realisation of the income from potential expansion opportunities as more fully described in the note pertaining to going concern. These conditions, along with the matters set forth in the notes to the consolidated and separate annual financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Relating to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter - Group	How our audit addressed the key audit matter
Valuation and impairment of goodwill and indefinite life intangible assets	
Goodwill and indefinite useful life intangible assets comprise 22% of the total assets of the group. These assets have been recognised in the consolidated statement of financial position as a consequence of acquisitions made by the group. As required by the applicable accounting standards, the directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill and indefinite useful life intangible assets. This is performed using discounted cash flow models, as disclosed in note 4 and 5. There are a number of key sensitive judgements made in determining the inputs into these models which include: • Revenue growth • Operating margins • Discount rates applied to the projected cash flows. Accordingly, the impairment test of these assets is considered to be a key audit matter	We focused our testing of the impairment of goodwill and indefinite useful life intangible assets on the key assumptions made by the directors. Our procedures included: • Using the knowledge of senior personnel and industry specific resources to assist us in evaluating the assumptions and methodologies used by the Group, in particular those relating to the forecasted revenue growth, discount factor applied and profit margins for the related cash generating units. • Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the cash generating unit to which the goodwill and indefinite useful life intangible assets relate; • Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reasonableness of the directors' projections; • Evaluating the inputs used by the directors in determining the discount rate against independent sources. • We found the assumptions used by the directors to be appropriate based on historical performance, future outlook and current circumstances. • We considered the goodwill and indefinite life intangible assets disclosures to be appropriate.

INDEPENDENT AUDITORS' REPORT

<table>
<tr><th>Key Audit Matter - Group</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation and impairment of Inventories (stores held for sale)</td></tr>
<tr><td>The group reflected R 9 624 518 worth of corporate stores held for sale as inventory as at 28 February 2017 as disclosed in note 9 to the consolidated annual financial statements.

Due to the nature of this inventory, the corporate stores could result in an overstatement of the value of inventory if the historical cost is higher than the net realisable value. The assessment and application of inventory valuation for corporate stores are subject to significant management judgement. We have therefore identified inventory valuation (stores held for sale) as an area requiring particular audit attention.</td><td>Our audit procedures focused on the evaluation of the key judgements and estimates used in the directors' determination of the valuation of corporate stores. The procedures on key judgements included:

• Comparison of historical projected cash inflows to actual inflows to assess the accuracy of the directors' projections and the assumption that historical profits per store are a reasonable basis for determining future profitability per store;

• Analysing projected cash flows to determine if they are supportable given current macroeconomic conditions, and future expected performance;

• Testing the mathematical accuracy of the model to ensure the ratio of historical profitability has been accurately applied to current year valuations.

• We also tested a sample of stores held for sale to ensure they were carried at the lower of cost and net realisable value, and evaluated management judgement with regards to the application of impairment to corporate stores.

• The group's accounting policies in respect of inventory are included in the group accounting policies and disclosures are included in note 9 to the group financial statements

We found the assumptions used by the directors to be appropriate based on historical performance, anticipated future outlook and current circumstances. We consider the disclosure of the impairment of inventory relating to corporate stores to be adequate.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report, the Company Secretary's Certificate as required by the Companies Act of South Africa and the Annual Report, which we obtained prior to the date of this report. Other information does not include the consolidated and separate annual financial statements and our auditor's report thereon. Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Consolidated and Separate Annual Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Imbalie Beauty Limited and its subsidiaries for 7 years.

Nexia SAB&T

Nexia SAB&T

Per: T.J. de Kock
Registered auditor
Director
26 September 2017

STATEMENTS OF FINANCIAL POSITION
as at 28 February 2017

Figures in Rand	Note(s)	Group 2017	Group 2016	Company 2017	Company 2016
Assets					
Non-Current Assets					
Property, plant and equipment	3	16 191 590	2 544 330	-	-
Goodwill	4	6 808 807	6 808 807	-	-
Intangible assets	5	21 944 588	20 554 561	52 018	62 131
Investments in subsidiaries	6	-	-	16 570 376	16 570 376
Other financial assets	7	1 580 546	-	-	-
Deferred taxation	8	16 459 304	11 785 634	1 920 531	1 958 001
		62 984 835	**41 693 332**	**18 542 925**	**18 590 508**
Current Assets					
Inventories	9	22 556 395	36 375 243	-	-
Loans to group companies	10	-	-	67 752 404	63 708 434
Other financial assets	7	1 055 562	884 076	-	-
Trade and other receivables	11	11 650 011	14 550 875	-	-
Cash and cash equivalents	12	353 899	4 351 220	1 028	3 891 446
		35 615 867	**56 161 414**	**67 753 432**	**67 599 880**
Non-current assets held for sale	14	-	1 900 000	-	-
Total Assets		**98 600 702**	**99 754 746**	**86 296 357**	**86 190 388**
Equity and Liabilities					
Equity					
Share capital	15	98 250 284	98 250 284	98 250 284	98 250 284
Reserves	16	86 034	329 071	-	-
Accumulated loss		(42 596 186)	(27 164 708)	(11 953 927)	(12 059 896)
		55 740 135	**71 414 647**	**86 296 357**	**86 190 388**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	17	12 722 710	6 717 567	-	-
Deferred taxation	8	835 078	1 085 569	-	-
		13 557 788	**7 803 136**	**-**	**-**
Current Liabilities					
Other financial liabilities	17	11 656 504	4 881 903	-	-
Operating lease liability	18	314 360	578 247	-	-
Trade and other payables	19	12 831 866	15 076 164	-	-
Bank overdraft	12	4 500 049	649	-	-
		29 302 779	**20 536 963**	**-**	**-**
Total Liabilities		**42 860 567**	**28 340 099**	**-**	**-**
Total Equity and Liabilities		**98 600 702**	**99 754 746**	**86 296 357**	**86 190 388**

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 28 February 2017

Figures in Rand	Note(s)	Group 2017	Group 2016	Company 2017	Company 2016
Revenue	21	96 583 791	101 111 403	1 920 000	1 920 000
Cost of sales		(40 606 533)	(41 906 020)	-	-
Gross profit		**55 977 258**	**59 205 383**	**1 920 000**	**1 920 000**
Other income		2 534 563	2 799 116	-	-
Operating expenses		(77 800 700)	(63 183 677)	(1 772 085)	(1 565 036)
Operating (loss)/ profit	**22**	**(19 288 879)**	**(1 179 178)**	**147 915**	**354 964**
Investment income	23	33 371	813	20	7
Finance costs	24	(1 505 094)	(343 201)	(4 497)	(2 728)
(Loss)/ profit before taxation		**(20 760 602)**	**(1 521 566)**	**143 438**	**352 243**
Taxation	25	5 000 053	395 134	(37 469)	(98 628)
(Loss)/ profit for the year		**(15 760 549)**	**(1 126 432)**	**105 969**	**253 615**
Other comprehensive (loss)/ income:					
Revaluation of land and buildings		116 150	(100 000)	-	-
Tax effect of revaluation of land and buildings and rate change		(30 113)	22 400	-	-
Total comprehensive income/(loss) for the year		**(15 674 512)**	**(1 204 030)**	**-**	**-**
(Loss)/earnings per share					
Basic/Diluted loss per share (cents)	27	(2.50)	(0.29)	-	-

STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2017

Figures in Rand	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	Total equity
Group						
Balance at 1 March 2015	**17 523 617**	**49 806 844**	**67 330 461**	**406 671**	**(26 038 276)**	**41 698 856**
Loss for the year	-	-	-	-	(1 126 432)	(1 126 432)
Other comprehensive income: Fair value adjustment	-	-	-	(77 600)	-	(77 600)
Total comprehensive loss for the year	**-**	**-**	**-**	**(77 600)**	**(1 126 432)**	**(1 204 032)**
General issue of shares	11 806 400	-	11 806 400	-	-	11 806 400
Rights issue	22 713 930	(3 600 507)	19 113 423	-	-	19 113 423
Total issue of shares	**34 520 330**	**(3 600 507)**	**30 919 823**	**-**	**-**	**30 919 823**
Balance at 29 February 2016	**52 043 947**	**46 206 337**	**98 250 284**	**329 071**	**(27 164 708)**	**71 414 647**
Loss for the year	-	-	-	-	(15 760 549)	(15 760 549)
Other comprehensive income: Fair value adjustment	-	-	-	86 037	-	86 037
Total comprehensive loss for the year	**-**	**-**	**-**	**86 037**	**(15 760 549)**	**(15 674 512)**
Sale of Properties (Utilised revaluation reserve)	-	-	-	(329 071)	329 071	-
Balance at 28 February 2017	**52 043 947**	**46 206 337**	**98 250 284**	**86 037**	**(42 596 186)**	**55 740 135**
Note(s)	15	15	15	16		
Company						
Balance at 1 March 2015	**17 523 617**	**49 806 844**	**67 330 461**	**-**	**(12 313 511)**	**55 016 950**
Profit for the year	-	-	-	-	253 615	253 615
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**253 615**	**253 615**
General issue of shares	11 805 400	-	11 805 400	-	-	11 805 400
Rights issue	22 714 930	(3 600 507)	19 114 423	-	-	19 114 423
Total issue of shares	**34 520 330**	**(3 600 507)**	**30 919 823**	**-**	**-**	**30 919 823**
Balance at 29 February 2016	**52 043 947**	**46 206 337**	**98 250 284**	**-**	**(12 059 896)**	**86 190 388**
Profit for the year	-	-	-	-	105 969	105 969
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**105 969**	**105 969**
Balance at 28 February 2017	**52 043 947**	**46 206 337**	**98 250 284**	**-**	**(11 953 927)**	**86 296 257**
Note	15	15	15			

STATEMENT OF CASH FLOWS
as at 28 February 2017

Figures in Rand	Note(s)	Group 2017	Group 2016	Company 2017	Company 2016
Cash flows (utilised in)/generated from operating activities					
Cash (utilised in)/generated from operations	28	6 341 434	(12 601 592)	158 029	365 078
Investment income		33 371	813	20	7
Finance costs		(1 505 094)	(343 201)	(4 497)	(2 728)
Write down of corporate stores to net realisable value		(9 860 462)	-	-	-
Net cash (utilised in)/generated from operating activities		**(4 990 751)**	**(12 943 980)**	**153 552**	**362 357**
Cash flows (utilised in)/generated from investing activities					
Purchase of property, plant and equipment	3	(14 461 034)	(1 265 103)	-	-
Proceeds from disposal of property, plant and equipment		189 923	20 973	-	-
Proceeds from disposal of non-current asset held for sale		1 900 000		-	
Purchase of intangible assets	5	(2 162 571)	(2 439 835)	-	-
Business combinations		-	(2 114 400)	-	-
Repayment to group companies		-	-	(12 099 231)	(52 758 897)
Loans advanced to group companies		-	-	8 055 261	25 494 976
Advance of financial assets		(2 274 390)	(361 718)	-	-
Repayment of other financial assets		522 358	426 926	-	50 000
Net cash utilised in investing activities		**(16 285 714)**	**(5 733 157)**	**(4 043 970)**	**(27 213 921)**
Cash flows from financing activities					
Proceeds from share issue	15	-	30 919 823	-	30 919 823
Repayment of other financial liabilities		(899 621)	(19 992 625)	-	-
Proceeds from other financial liabilities		13 679 365	15 598 179	-	-
Net cash from financing activities		**12 779 744**	**26 525 377**	**-**	**30 919 823**
Total cash movement for the year		(8 496 721)	7 848 240	(3 890 418)	4 068 260
Cash at the beginning of the year		4 350 571	(3 497 669)	3 891 446	(176 814)
Total cash at end of the year	12	**(4 146 150)**	**4 350 571**	**1 028**	**3 891 446**

ACCOUNTING POLICIES
as at 28 February 2017

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and their interpretations adopted by the International Accounting Standards Board, the Financial Reporting Guides issued by the Accounting Practices Committee of South African Institute of Chartered Accountants, the Listings Requirements of the JSE Limited and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis , except for the cash flow information which is measured on a cash basis and land and buildings which is measured at fair value and incorporate the principal accounting policies set out below.

Except for the adoption of the new and revised accounting standards, the principal accounting policies of the group are consistent with those applied in the audited consolidated financial statements for the year ended 28 February 2016.

The annual financial statements are presented in South African Rands, which is the company's functional currency.

Standards and Interpretations effective in 2017:

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

1.1 Consolidation

Basis of consolidation

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

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

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

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

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

Subsidiaries

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

1.2 Significant judgements and sources of estimation uncertainty

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

Significant judgements include:

Impairment of non-financial/ financial assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired by applying internal and external impairment indicators. Determining whether tangible and intangible assets are impaired requires an estimation of the recoverable amount of the individual assets, or otherwise the recoverable amount of the cashgenerating unit to which the asset belongs. In assessing value in use the group is required to estimate the future cash flows expected to arise from the individual asset or its cash generating unit and a suitable discount rate in order to calculate the present value.

Taxation

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

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

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.

1.3 Property, plant and equipment (continued)

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

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

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised, this will not affect profit or loss subsequently.

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

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

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

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

Item	Average useful life
Land	Indefinite
Buildings	60 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	6 - 10 years
IT equipment	3 years
Leasehold improvements	Period of lease
Laser equipment	5 years

1.3 Property, plant and equipment (continued)

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

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

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 plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

1.4 Intangible assets (continued)

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

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

Item	Useful life
Trademark and website costs	10 years
Perfect 10 trademark and franchise agreements	Indefinite
Development costs	10 years
Computer software	3 years

1.5 Financial instruments

Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

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

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments. The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

Subsequent measurement

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

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

Derecognition

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

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

Impairment of financial assets

At each reporting date the group assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

1.5 Financial instruments (continued)

Impairment losses are recognised in profit or loss.

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

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

Classification

The group has classified its financial instruments as follows:

Financial assets classified as loans and receivables at amortised cost:

- Other financial assets
- Loans to group companies
- Trade and other receivables
- Cash and cash equivalents

Financial liabilities classified as at amortised cost:

- Other financial liabilities
- Trade and other payables
- Bank overdraft

1.6 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

1.6 Tax (continued)

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

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

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

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

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

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

Tax expenses

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

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

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

1.7 Leases

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

Operating leases – lessee

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

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

1.8 Inventories

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

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

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

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

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

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

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

1.9 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. A non-current asset is not depreciated while it is classified as held for sale.

1.10 Impairment of non-financial assets

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

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

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

1.10 Impairment of non-financial assets (continued)

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

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

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

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

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

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

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

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

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

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

1.11 Share capital and equity

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

Ordinary shares are classified as equity.

1.12 Employee benefits

Short-term employee benefits

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

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

1.13 Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 35.

1.14 Earnings per share and headline earnings per share

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

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

The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Limited. The calculation of headline earnings is done in accordance with SAICA's circular 2/2015.

1.15 Revenue

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

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

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

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

1.15 Revenue (continued)

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by surveys of work performed.

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

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

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

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

1.16 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.

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.

Financial instruments- Fair values and Risk management

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.17 Statement of cash flows

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

1.18 Segmental reporting

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

1.18 Segmental reporting (continued)

Therefore the Group determines and presents its operating segments based on the information that is internally provided to the Chief Executive Officer, who is the chief operating decision maker. Furthermore a segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of the other segments. The Group does not have different operating segments. The business is conducted in South Africa and is managed at a central head office with no branches. The group is managed as one operating unit. All revenues from external customers originate in South Africa. The Standard on Segment reporting will not be implemented as Imbalie Beauty Limited has only one segment.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has not adopted any new standards or interpretations.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2017 or later periods:

Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project

The amendment clarifies that non-current assets held for distribution to owners should be treated consistently with non-current assets held for sale. It further specifies that if a non-current asset held for sale is reclassified as a non-current asset held for distribution to owners or visa versa, that the change is considered a continuation of the original plan of disposal.

The effective date of the group is for years beginning on or after 1 January 2016.

The group has adopted the amendment for the first time in the 2017 annual financial statements. The impact of the amendment is not material.

Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project

The amendment allows an entity to present disclosures required by paragraph 16A either in the interim annual financial statements or by cross reference to another report, for example, a risk report, provided that other report is available to users of the annual financial statements on the same terms as the interim annual financial statements and at the same time.

The effective date of the group is for years beginning on or after 1 January 2016.

The group has adopted the amendment for the first time in the 2017 annual financial statements. The impact of the amendment is not material.

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.• The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

The effective date of the standard is for years beginning on or after 1 January 2019.

The group expects to adopt the standard for the first time in the 2020 annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.• With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group expects to adopt the standard for the first time in the 2019 annual financial statements.

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2018.

The group expects to adopt the standard for the first time in the 2019 annual financial statements.

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

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 1 January 2018.

The group expects to adopt the amendment for the first time in the 2019 annual financial statements.

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

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 1 January 2017.

The group expects to adopt the amendment for the first time in the 2018 annual financial statements.

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

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the group:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the group will have sufficient taxable profit in future periods. The group is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The effective date of the amendment is for years beginning on or after 1 January 2017.

The group expects to adopt the amendment for the first time in the 2018 annual financial statements. The impact of this amendment is currently being assessed.

Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

The amendments apply to the acquisitions of interest in joint operations. When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this IFRS and disclose the information that is required in those IFRSs in relation to business combinations. This applies to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business.

The effective date of the amendments is for years beginning on or after 1 January 2016.

The group has adopted the amendments for the first time in the 2017 annual financial statements. The impact of the amendments is not material.

Group	2017 Cost / Valuation	2017 Accumulated depreciation	2017 Carrying value	2016 Cost / Valuation	2016 Accumulated depreciation	2016 Carrying value
3. Property, plant and equipment						
Land and buildings*	13 500 000	-	13 500 000	-	-	-
Furniture and fixtures	984 354	(840 289)	144 065	996 893	(760 125)	236 768
Motor vehicles	751 335	(561 139)	190 196	1 003 713	(634 177)	369 536
Office equipment	753 250	(688 305)	64 945	736 941	(642 765)	94 176
IT equipment	1 183 593	(991 674)	191 919	1 251 227	(936 426)	314 801
Leasehold improvements	1 563 028	(206 011)	1 357 017	1 207 036	(55 279)	1 151 757
Laser equipment	2 292 153	(1 548 705)	743 448	3 328 117	(2 950 825)	377 292
Total	**21 027 713**	**(4 836 123)**	**16 191 590**	**8 523 927**	**(5 979 597)**	**2 544 330**

** Land and buildings were recongnised on 28 February 2017 and will be depreciated for the first time during the 2018 financial year*

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land and buildings	-	13 383 850	-	116 150	-	13 500 000
Furniture and fixtures	236 768	64 184	-	-	(156 887)	144 065
Motor vehicles	369 536	-	(97 231)	-	(82 109)	190 196
Office equipment	94 176	35 418	(10 066)	-	(54 583)	64 945
IT equipment	314 801	70 251	(5 000)	-	(188 133)	191 919
Leasehold improvements	1 151 757	355 991	-	-	(150 731)	1 357 017
Laser equipment	377 292	551 340	-	-	(185 184)	743 448
	2 544 330	**14 461 034**	**(112 297)**	**116 150**	**(817 627)**	**16 191 590**

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Classified as held for sale	Depreciation	Impairment loss	Total
Land and buildings	2 000 000	-	-	(1 900 000)	-	(100 000)	-
Furniture and fixtures	321 268	-	-	-	(84 500)	-	236 768
Motor vehicles	486 458	8 265	-	-	(125 187)	-	369 536
Office equipment	168 376	14 350	(20 971)	-	(67 579)	-	94 176
IT equipment	163 479	296 286	-	-	(144 964)	-	314 801
Leasehold improvements	262 087	936 966	(11 613)	-	(35 683)	-	1 151 757
Laser equipment	559 286	9 236	-	-	(191 230)	-	377 292
	3 960 954	**1 265 103**	**(32 584)**	**(1 900 000)**	**(649 143)**	**(100 000)**	**2 544 330**

	Group 2017	Group 2016	Company 2017	Company 2016
3. Property, plant and equipment				
Pledged as security				
Carrying value of assets pledged as security:				
Land and buildings	13 500 000	-	-	-
1st Mortgage bond in favour for Absa Bank Limited over Erven 773 and 774 Woodmead Ext 22. Cession of revenues generated by the property including any insurance proceeds.				
Carrying value of the encumbered are as follows:				
Land and buildings	13 500 000	-	-	-
Motor vehicles	190 196	369 536	-	-
IT equipment	191 919	314 801	-	-
	13 882 115	**684 337**	**-**	**-**

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

Had land and buildings been carried on the cost model, the carrying amounts would have been R13 383 850

IFRS 13 Disclosures

Recurring fair value	Fair Value	Unobservable input (Level 3)	Valuation technique
2017:			
Land and buildings	R 13 500 000	R 13 500 000	Discounted cash flow
2016:			
Land and buildings	R 0	R 0	Discounted cash flow

Valuation inputs included the following:

• The anticipated gross market rental

• The estimated annual operating expenditure for the property in order to realise the rental income

• The net annual income

• The capitalisation rate

Group	2017 Cost	2017 Accumulated impairment	2017 Carrying value	2016 Cost	2016 Accumulated impairment	2016 Carrying value
4. Goodwill						
Goodwill	6 808 807	-	6 808 807	6 808 807	-	6 808 807

	Opening balance	Total
Reconciliation of goodwill - Group - 2017		
Goodwill	6 808 807	6 808 807

	Opening balance	Total
Reconciliation of goodwill - Group - 2016		
Goodwill	6 808 807	6 808 807

Goodwill arose as a result of, and is allocated to the following Cash Generating Units (CGU's):	**2017**	**2016**
1. Acquisition of Placecol Fresh Beauty Proprietary Limited	R 3 249 163	R 3 249 163
2. Acquisition of Dream Nails Beauty Proprietary Limited	R 3 559 644	R 3 559 644
Total	**R 6 808 807**	**R 6 808 807**

Goodwill was tested for impairment, based on the assumptions detailed below:

Placecol Fresh Beauty Proprietary Limited

Key assumptions used in value-in-use calculations include budgeted retail product margins and budgeted franchise revenue streams flowing to Placecol Fresh Beauty Proprietary Limited. The assumptions are based on all historical results for the brand as well as the individual branded salons adjusted for the anticipated future growth of 8% (2016: 9%) per annum over the next 5 years,which is the average growth factor per management's judgement over a terminal value and at a discount rate of 12% (2016: 17%).

Dream Nails Beauty Proprietary Limited

Key assumptions used in value-in-use calculations include budgeted retail product margins and budgeted franchise revenue streams flowing to Placecol Fresh Beauty Proprietary Limited (trading Entity). The assumptions are based on all historical results for the brand as well as the individual branded salons adjusted for the anticipated future growth of 8% (2016: 9%) per annum over the next 5 years, which is the average growth factor per management's judgement over a terminal value and at a discount rate of 12% (2016: 17%)

These assumptions are a reflection of management's past experience in the market in which these units operate as well as anticipated market adjustments to reflect macro-economic realities. The impairment calculations were tested for sensitivity to significant changes in the key assumptions used. The basis for the sensitivity analysis was a reduction of up to 2% in the forcasted operating profit used in the value- in-use calculation and a reduction of 2% of the weighted average cost of capital. The sensitivity analysis did not result in any impairment.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2017

		2017			2016		
	Group	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
5.	**Intangible assets**						
	Perfect 10 trademark and franchise agreements	14 340 000	-	14 340 000	14 340 000	-	14 340 000
	Computer software	260 180	(169 342)	90 838	164 292	(129 156)	35 136
	Trademark and website costs	1 219 237	(570 300)	648 937	1 169 112	(428 902)	740 210
	Development cost	7 879 495	(1 014 682)	6 864 813	5 862 941	(423 726)	5 439 215
	Total	**23 698 912**	**(1 754 324)**	**21 944 588**	**21 536 345**	**(981 784)**	**20 554 561**

Company	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademark and website costs	101 146	(49 128)	52 018	101 145	(39 014)	62 131

Reconciliation of intangible assets - Group - 2017

	Opening balance	Additions	Amortisation	Total
Perfect 10 trademark and franchise agreements	14 340 000	-	-	14 340 000
Computer software	35 136	95 893	(40 191)	90 838
Trademark and website costs	740 210	50 124	(141 397)	648 937
Development cost	5 439 215	2 016 554	(590 956)	6 864 813
	20 554 561	**2 162 571**	**(772 544)**	**21 944 588**

Reconciliation of intangible assets - Group - 2016

	Opening balance	Additions	Amortisation	Total
Perfect 10 trademark and franchise agreements	14 340 000	-	-	14 340 000
Computer software	41 675	21 543	(28 082)	35 136
Trademark and website costs	843 867	208 727	(312 384)	740 210
Development cost	1 777 434	3 815 965	(154 184)	5 439 215
	17 002 976	**4 046 235**	**(494 650)**	**20 554 561**

	Opening balance	Amortisation	Total
Reconciliation of intangible assets - Company - 2017			
Trademark and website costs	62 131	(10 113)	52 018
Reconciliation of intangible assets - Company - 2016			
Trademark and website costs	72 245	(10 114)	62 131

5. Intangible assets (continued)

Other information

Recoverability of the intangible assets with an indefinite useful life:

The Perfect 10 business is a beauty franchised group of 51 beauty studios nationally. The franchise is 15 years old. The trademark and franchise agreements are tested for impairment annually. The recoverable amount of this trademark was determined with reference to the value-in-use.

A impairment test was done at year end using the discounted cash flow method over a period of 5 years. Revenue growth was calculated at 9% and expenses at a growth of 6.3% and a discount rate of 16.4% was applied to the cash flows. No impairment was attributed to the Perfect 10 trademark and franchise agreements.

The impairment calculations were tested for sensitivity to significant changes in the key assumptions used. The basis for the sensitivity analysis was a reduction of up to 5% in the forcasted operating profit used in the value- in-use calculation and a reduction of 2% of the weighted average cost of capital. The sensitivity analysis did not result in any impairment.

6. Investments in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Company Name of company	Net profit/ (loss) after tax	% holding 2017	% holding 2016	Carrying amount 2017	Carrying amount 2016
Placecol Fresh Beauty Proprietary Limited	(10 162 905)	100.00%	100.00%	11 163 951	11 163 951
Dream Nails Beauty Proprietary Limited	(375 728)	100.00%	100.00%	5 406 425	5 406 425
Placecol Skin Care Clinic Proprietary Limited	(2 845 143)	100.00%	100.00%	-	-
Enjoy Beauty Proprietary Limited	(1 024 346)	100.00%	100.00%	-	-
Imbalie Innovvation Proprietary Limited	(17 995)	100.00%	100.00%	-	-
Imbalie Beauty Training Academy Proprietary Limited	(1 304 496)	100.00%	100.00%	-	-
				16 570 376	**16 570 376**

The carrying amounts of subsidiaries are shown net of impairment losses. There were no impairment or restrictions of subsidiaries.

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

Imbalie Beauty Limited and its subsidiaries did not repurchase any of their own shares during the period under review.

		Group 2017	Group 2016	Company 2017	Company 2016
7.	**Other financial assets**				
	Loans and receivables held at amortised cost				
	Loans made to franchisees for Mesojet Equipment				
	These loans are unsecured and bear interest at 14.25% and are repayable in 36 monthly installments of R4,662.	563 275	**-**	**-**	**-**
	Student loans				
	The student loans bore no interest and were repayable within 3 years after completion of the studies. All student loans were settled in the past 12 months.	-	80 849	-	-
	Placecol Mountain Mill				
	This loan agreement bore interest at prime and was fully settled during the financial year	-	112 001	-	-
	Loans made in respect of outlets franchised				
	No interest is charged, the loans are payable within 12 months and unsecured. The loans were fully settled in the current year.	-	329 508	-	-
	Franchise Establishment Loans				
	These loans bear interest at Prime and are unsecured. Repayment terms are facility specific between 1 and 3 years.	2 072 833	361 718	-	-
		2 636 108	**884 076**	**-**	**-**
	Non-current assets				
	Loans and receivables	1 580 546	-	-	-
	Current assets				
	Loans and receivables	1 055 562	884 076	-	-
		2 636 108	**884 076**	**-**	**-**

Fair value information

There are no differences between the fair value of the loans and their carrying amounts. Directors consider the carrying value of other financial assets of a short term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset class.

Loans and receivables past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2017, no loans were past due and impaired.

		Group		Company	
		2017	2016	2017	2016
8.	**Deferred tax**				
	Deferred tax asset/(Liability)				
	Tax losses	15 869 498	10 732 382	1 913 656	1 958 001
	Allowance for doubtful debt	61 342	209 198	-	-
	Leave pay	70 267	61 307	-	-
	Lease straightening	88 021	161 909	-	-
	Revaluation of land and buildings	(30 113)	(70 929)	-	-
	Capital Allowances	(716 993)	(759 370)	6 874	-
	Allowance for future store build	282 207	576 426	-	-
	Prepayments	-	(255 270)	-	-
		15 624 229	10 700 065	1 920 530	1 958 001
	Reconciliation of deferred tax asset / (liability)				
	At beginning of year	10 700 065	10 282 530	1 958 001	2 056 629
	Increase /(Decrease) in tax losses available for set off against future taxable income	5 137 116	703 322	(44 344)	(98 628)
	Other originating and reversing temporary differences	(212 952)	(285 787)	6 874	-
		15 624 229	**10 700 065**	**1 920 531**	**1 958 001**

Recognition of deferred tax asset

The directors assessed the deferred tax assets per individual subsidiary and, based on future budgeted figures, the group as well as each individual subsidiary expects to be profitable in future. In the current financial year the group invested in the development of new skin care brands, which will enhance the companies brand and generate future revenue streams. The group is also focused on opening new salons to expand the brand, generating future revenue in the form of product sales, royalties and franchise fees, as well as expand product distribution in the current salons. The group has the ability and likelihood to recover the deferred tax asset over the foreseeable future based on the above operational plans and profitability forecasts.

		Group		Company	
		2017	2016	2017	2016
8.	**Deferred tax (continued)**				
	Deferred tax assets/liabilities				
	Non-current assets	16 459 304	11 785 634	1 920 530	1 958 001
	Non-current liabilities	(835 078)	(1 085 569)	-	-
		15 624 229	**10 700 065**	**1 920 530**	**1 958 001**
9.	**Inventories**				
	Raw materials, components	2 558 090	2 066 355	-	-
	Stock on hand	10 838 312	14 397 176	-	-
	Stores held for sale	10 167 875	19 911 712	-	-
		23 564 277	36 375 243	-	
	Provision for Obsolete Stock	(1 007 882)	-	-	
		22 556 395	**36 375 243**	**-**	**-**

During the current year, inventory in the form of corporate stores was written down to net realisable value. This non-recurring R9 860 462 write down was to bring the carrying amount of corporate stores to their net realisable value. Determination of the net realisable value involved discounting estimated future income and also considered the curent store-sale price of each corporate store.

10.	**Loans to (from) group companies**				
	Subsidiaries				
	Placecol Fresh Beauty Proprietary Limited	-	-	67 752 404	63 708 434
	The loans are unsecured, bears no interest and has no fixed repayment terms.	-	-		
	Non-current assets	-	-	-	-
	Current assets	-	-	67 752 404	63 708 434
		-	**-**	**67 752 404**	**63 708 434**

Fair value of loans to and from group companies

As no repayment terms exists, therefore the group loans are payable on demand. Owing to the short-term nature thereof the carrying values of the loans to group companies approximates their fair values. The loans to the group companies have not been pledged as security for any other financial obligations.

Loans to group companies impaired

As at 28 February 2017, no loans to group companies were impaired.

		Group		Company	
		2017	2016	2017	2016
11.	**Trade and other receivables**				
	Trade receivables	10 827 635	12 488 268	-	-
	Deposits	392 984	596 204	-	-
	VAT	353 954	409 609	-	-
	Prepaid expenses	75 438	1 056 794	-	-
		11 650 011	**14 550 875**	**-**	**-**

Fair value of trade and other receivables

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

11. Trade and other receivables

Trade and other receivables past due but not impaired

At 28 February 2017, R4 529 543 (2016: R5 191 319) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	Group		Company	
	2017	2016	2017	2016
1 month past due	1 488 395	1 433 884	-	-
2 months past due	916 226	782 661	-	-
3 months past due	691 386	368 714	-	-
120+ days	1 433 536	2 606 060	-	-
Total	**4 529 543**	**5 191 319**	**-**	**-**

Trade and other receivables provided for

As of 28 February 2017, trade and other receivables of R292 106 (2016: R996 178) were impaired.

Movement in the provision for impairment of receivables were as follows:.

	Group		Company	
	2017	2016	2017	2016
Opening balance	996 178	618 404	-	-
Provision for the year	89 297	1 318 829	-	-
Utilised during the year	(793 369)	(941 055)	-	-
Closing balance	**292 106**	**996 178**	**-**	**-**

12. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	117 897	208 045	-	-
Bank balances	236 002	4 143 175	1 028	3 891 446
Bank overdraft	(4 500 049)	(649)	-	-
	(4 146 150)	**4 350 571**	**1 028**	**3 891 446**
Current assets	353 899	4 351 220	1 028	3 891 446
Current liabilities	(4 500 049)	(649)	-	-
	(4 146 150)	**4 350 571**	**1 028**	**3 891 446**

Placecol Skin Care Clinic Proprietary Limited has an approved facility for guarantees to the value of R1 700 000 (2016: R1 517 884) as reviewed and updated on 28 February 2017. There are no material contingencies.

Placecol Fresh Beauty Proprietary Limited has an approved overdraft facility to the value of R5 200 000 (2016: R5 200 000)

13. Financial assets by category

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

	Loans and receivables	Total
Group - 2017		
Other financial assets	2 636 108	2 636 108
Trade and other receivables	11 220 619	11 220 619
Cash and cash equivalents	353 899	353 899
	14 210 626	**14 210 626**
Group - 2016		
Other financial assets	884 076	884 076
Trade and other receivables	13 084 472	13 084 472
Cash and cash equivalents	4 351 220	4 351 220
	18 319 768	**18 319 768**
Company - 2017		
Loans to group companies	67 752 404	67 752 404
Cash and cash equivalents	1 028	1 028
	67 753 432	**67 753 432**
Company - 2016		
Loans to group companies	63 708 434	63 708 434
Cash and cash equivalents	3 891 446	3 891 446
	67 599 880	**67 599 880**

14. Non-current assets held for sale

On 02 October 2015, the group entered into an agreement with G Meiboom to sell land and buildings Carnegie Park unit no 24 Hennopspark Ext 9, Centurion for R 1 150 000, cost to sell R50 000. The transfer of ownership was concluded on 9 March 2016.

On 03 February 2016, the group entered into an agreement with R Jansen van Rensburg to sell land and buildings Sandolien Complex Unit no 49, The Hoewes Ext 189, Centurion for R 850 000, cost to sell R50 000. The transfer of ownership was concluded on 26 May 2016.

The sale of both properties were concluded during the 2017 financial year.

	Group		Company	
	2017	2016	2017	2016
Assets and liabilities				
Non-current assets held for sale				
Land and buildings	**-**	**1 900 000**	**-**	**-**

	Group 2017	Group 2016	Company 2017	Company 2016
15. Share capital				
Authorised				
1 000 000 000 Ordinary shares of 0.0001 cent each	100 000	100 000	-	-
Reconciliation of number of shares issued:				
Opening Balance	629 872 558	345 547 773	629 872 558	345 547 773
General issue of shares	-	95 040 000	-	95 040 000
Rights issue	-	189 284 785	-	189 284 785
	629 872 558	**629 872 558**	**629 872 558**	**629 872 558**

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.

Rights issue as per circulation on the JSE was concluded on 29 February 2016. Total right offered by Imbalie Beauty Limited was 208 333 333, the total number of rights issue shares issued was 189 284 785, rights not taken up and cancelled 19 048 548. The rights issue has resulted in the settlement of shareholders loans.

No shares were issued during the 2017 financial year.

	Group 2017	Group 2016	Company 2017	Company 2016
Issued				
Ordinary	52 043 947	52 043 947	52 043 947	52 043 947
Share premium	46 206 337	46 206 337	46 206 337	46 206 337
	98 250 284	**98 250 284**	**98 250 284**	**98 250 284**

	Group 2017	Group 2016	Company 2017	Company 2016
16. Revaluation surplus				
Opening Balance	**329 071**	**406 671**		
Sale of Properties	**(329 071)**			
Revaluation Surplus net of Tax	**86 034**	**(77 600)**	**-**	**-**
Closing Balance	**86 034**	**329 071**	**-**	**-**

	Group 2016	Group 2015	Company 2016	Company 2015
17. Other financial liabilities				
Held at amortised cost				
Other bank loans	3 696 853	4 363 875	-	-
These loan agreements bear interest at an average effective rate of 15.67% per annum (2016: 15.09%). The current monthly instalment is R130 114 (2016: R96 089) and is repayable over a period of 12 to 36 months.				
Instalment sale agreements	6 621 529	6 013 240	-	-
These bear interest at an average effective rate of 16.56% (2016: 12.74%) per annum. The current monthly instalment is R 326 047 (2016: R 167 205) and is repayable over a period of 36 to 60 months.				
Short-term bridging facilities	6 000 000		-	-
These loans are unsecured, bear no interest are repayable on demand.				
Mortgage bonds	8 060 832	989 756	-	-
ABSA mortgage bonds bearing interest at an average rate of 11.25% (2016: 6.95%) per annum. The current monthly instalment is R119 506 (2016: R11 326). The loans are secured by land and buildings with a carrying amount of R13 500 000 (2016: R1 900 000). 2016 loans were settled with the transfer of ownership. 2017 loan refers to the new Land and buildings within the group.				
Franchise stores: Placecol Garden Route (2015: Placecol Riversquare and Placecol Garden Route)	-	232 599	-	-
These loans were payable at a fixed monthly instalment of R 60 000 (2015: R 60 000) per month, bore no interest and were repayable in 12 months. The loans were fully setlled during the 2017 year.				
	24 379 214	**11 599 470**	**-**	**-**
Non-current liabilities				
At amortised cost	12 722 710	6 717 567	-	-
Current liabilities				
At amortised cost	11 656 504	4 881 903	-	-
	24 379 214	**11 599 470**	**-**	**-**

17. Other financial liabilities (continued)

Fair value information

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

	Group		Company	
	2017	2016	2017	2016
Instalment sale agreements				
Payments due within one year	3916 154	2 890 234	-	-
Payments due in second to fifth year	4 058 556	4 524 744	-	-
Less: Future finance costs	(1 353 181)	(1 401 738)	-	-
	6 621 529	**6 013 240**	**-**	**-**

	Group 2017	Group 2016	Company 2017	Company 2016
18. Operating lease liability				
Operating lease accrual	314 360	578 247	-	-
19. Trade and other payables				
Trade payables	8 874 489	10 824 276	-	-
VAT	-	8 614	-	-
Accrual shopfitting	2 179 280	1 124 801	-	-
Payroll accruals	777 884	1 697 532	-	-
Deposits received	465 303	718 542	-	-
Other payables	534 910	702 399	-	-
	12 831 866	**15 076 164**	**-**	**-**

Fair value of trade and other payables

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

20. Financial liabilities by category

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

	Financial liabilities at amortised cost	Total
Group - 2017		
Other financial liabilities	24 379 214	24 379 214
Trade and other payables	12 336 431	12 336 431
Bank overdraft	4 500 049	4 500 049
	41 215 694	**41 215 694**
Group - 2016		
Other financial liabilities	11 599 470	11 599 470
Trade and other payables	13 365 425	13 365 425
Bank overdraft	649	649
	24 965 544	**24 965 544**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2017

		Group 2017	Group 2016	Company 2017	Company 2016
21.	**Revenue**				
	Sale of goods	81 064 025	81 256 551	-	-
	Royalty and other service income	15 519 766	19 854 852	1 920 000	1 920 000
		96 583 791	**101 111 403**	**1 920 000**	**1 920 000**
22.	**Operating (loss)/ profit**				
	Operating (loss)/ profit for the year is stated after accounting for the following:				
	Operating lease charges				
	• Premises	10 496 617	11 041 318	-	-
	• Equipment	1 729 304	1 717 320	-	-
		12 225 921	**12 758 638**	**-**	**-**
	Loss on sale of property, plant and equipment	-	11 613	-	-
	Write down of corporate stores to net realisable value	9 860 462	-	-	-
	Amortisation on intangible assets	772 544	494 650	10 114	10 114
	Depreciation on property, plant and equipment	817 626	649 143	10 114	10 115
	Employee costs	26 647 447	23 988 137		-
23.	**Investment income**				
	Interest income				
	Franchised stores	15 912	-	-	-
	Bank	17 459	813	20	7
		33 371	**813**	**20**	**7**
24.	**Finance costs**				
	Other financial liabilities	1 446 784	234 874	-	-
	Bank	4 873	2 728	4 497	2 728
	Mortgage bonds	53 437	105 599	-	-
		1 505 094	**343 201**	**4 497**	**2 728**

		Group		Company	
		2017	2016	2017	2016
25.	**Taxation**				
	Major components of the tax expense/ (income)				
	Deferred				
	Originating and reversing temporary differences	(5 000 053)	(395 134)	37 469	98 628
	Reconciliation of the tax expense				
	Reconciliation between applicable tax rate and average effective tax rate.				
	Applicable tax rate	28.00%	28.00%	28.00%	28.00%
	Tax loss used	(3.4)%	(2.89)%	(1.88)%	-
	Other Tax Differences	(0.52)%	0.86%	-	-
		24.09%	**25.97%**	**26.12%**	**28.00%**
26.	**Auditors' remuneration**				
	Fees	744 026	489 877	744 026	489 877

		Group 2017	Group 2016
27.	**Earnings per share**		
	Basic/diluted loss per share (Cents)	(2.50)	(0.29)
	Basic/diluted loss per share is based on loss of R15 760 549 (2016: R 1 126 432) and weighted average number of ordinary shares of 629 872 558 (2016: 389 600 268)		
	Loss for the year attributable to equity holders of the parent	(15 760 459)	(1 126 432)
	There were no dilutive instruments in issue at year end		
	Headline loss per share	(2.52)	(0.29)
	Reconciliation between earnings and headline earnings		
	Loss attributable to ordinary equity holders of the parent entity	(20 760 602)	(1 521 566)
	Add/(deduct) IAS 16 profit/(loss) on the disposal of plant and equipment	(31 845)	11 613
	Headline loss before taxation	(20 792 447)	(1 509 953)
	Taxation relating to (loss)/ profit attributable to ordinary equity holders of the parent entity	5 000 053	395 134
	Taxation relating to IAS 16 (profit)/loss on the disposal of plant and equipment	8 917	(3 252)
	Headline loss after taxation	**(15 783 477)**	**(1 118 071)**

	Group 2017	Group 2016	Company 2017	Company 2016
28. Cash (utilised in) / generated from operations				
Loss before taxation	(20 760 602)	(1 521 566)	143 438	352 243
Adjustments for:				
Depreciation and amortisation	1 590 170	1 143 793	10 114	10 114
(Profit) loss on sale of assets	(67 763)	11 613	-	-
Loss on sale of non-current assets and disposal groups	35 918	–	–	–
Interest received	(33 371)	(813)	(20)	(7)
Finance costs	1 505 094	343 201	4 497	2 728
Movements in operating lease assets and accruals	(263 887)	395 500	-	-
Changes in working capital:				
Inventories	13 818 848	(13 227 585)	-	-
Trade and other receivables	2 900 864	(2 836 815)	-	-
Trade and other payables	(2 244 298)	2 996 619	-	-
Write down of corporate stores to net realisable value	9 860 462	-	-	-
Proceeds from financial assets	-	94 461	-	-
	6 341 434	**(12 601 591)**	**158 029**	**365 078**

29. Related parties

Relationships

Subsidiaries	Refer to note 6
Salons owned by Board members	
HA Lunderstedt and E Colyn	Beauty Flagship Proprietary Limited (Placecol Skin Care Clinic Cresta and Dream Nails Beauty Cresta)
E Colyn	Mundex Proprietary Limited (Placecol Skin Care Clinic Bram Fischer)

	Group 2017	Group 2016	Company 2017	Company 2016
Related party balances				
Loans to/(from) subsidiaries				
Placecol Fresh Beauty Proprietary Limited	-	-	67 752 404	63 708 434
Management fees received from related parties				
Placecol Fresh Beauty Proprietary Limited	-	-	1 920 000	1 920 000
Royalties received from related parties				
Beauty Flagship Proprietary Limited	331 427	396 324	-	-
Mundex Proprietary Limited	96 285	112 355	-	-
Outstanding debtors from related parties				
Beauty Flagship Proprietary Limited	127 180	218 353	-	-
Mundex Proprietary Limited	47 681	35 609	-	-

All related party transactions are at arm's length.

Key management personnel emoluments - refer to note 30.

Directors interest in shareholding of the company are as disclosed in the Directors Report.

30. Directors' and prescribed officer's emoluments

Executive

2017	Emoluments	Total
Ms E Colyn (Chief executive officer)	1 088 488	1 088 488
Ms D Wolfendale (Executive Director: Marketing, Sales and Training)	1 237 545	1 237 545
	2 326 033	**2 326 033**

2016		
Ms E Colyn (Chief Executive Officer)	826 231	826 231
Ms M Malan (Financial Director resigned 30 April 2015)	80 650	80 650
Ms D Wolfendale (Executive Director: Marketing, Sales and Training, appointed 1 June 2015)	629 723	629 723
	1 536 604	**1 536 604**

Non-executive

2017	Directors' fees	Total
Mr TJ Schoeman (Non-executive director, Chairman of Audit and Risk Committee)	90 000	90 000
Mr MM Patel (Independent non-executive director, Chairman of Board of Directors)	120 000	120 000
Ms P Tladi (Independent non-executive director)	90 000	90 000
	300 000	**300 000**

2016		
Ms HA Lunderstedt (Non-executive Chairman - resigned 30 April 2015)	45 000	45 000
Mr TJ Schoeman (Non-executive Director, Chairman of Audit and Risk Committee)	87 000	87 000
Mr MM Patel (Independent non-executive Director, Chairman of Board of Directors)	108 000	108 000
Ms P Tladi (Independent non-executive Director)	87 000	87 000
Mr WP van der Merwe (Non-executive Director, appointed 30 April 2015 as Financial and Corporate Strategy Director)	21 000	21 000
	348 000	**348 000**

Prescribed officers

2017	Emoluments	Total
Marketing manager	448 797	448 797
Outlet operation manager	588 267	588 267
Human resources manager	479 839	479 839
Finance Manager	481 461	481 461
	1 998 364	**1 998 364**

30. Directors' and prescribed officer's emoluments

Prescribed officers

2016	Emoluments	Total
Distribution manager	996 625	996 625
Marketing manager	409 511	409 511
Outlet operation manager	552 578	552 578
Human resources manager	462 890	462 890
Finance Manager	444 724	444 724
	2 866 328	**2 866 328**

31. Risk management

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light if changes in economic conditions and the needs of the group. No changes were made to the objectives, policies or processes during the year ended 28 February 2017.

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

There are no externally imposed capital requirements.

Financial risk management

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

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

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

Liquidity risk

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

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

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

31. Risk management

At 29 February 2017	Less than 1 year	Between 1 and 5 years
Group		
Other financial liabilities	11 656 504	12 722 710
Bank overdraft	4 500 049	-
Trade and other payables	11 831 653	-
At 28 February 2016		
Other financial liabilities	4 881 903	6 717 567
Bank overdraft	649	-
Trade and other payables	13 365 425	-

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.

Credit Risk

Credit risk consistence mainly of other financial assets, cash deposits, cash equivalents and receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

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

Financial Instrument	Group - 2017	Group - 2016	Company - 2017	Company - 2016
Other financial assets	2 636 1408	884 076	-	–
Trade and other receivables	11 650 011	13 084 472	-	–
Cash and cash equivalents	353 899	4 351 220	1 028	3 891 446
Loans to group companies	-	–	67 752 404	63 708 434

Interest rate risk

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

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

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

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

31. Risk management

Sensitivity analysis

Financial instrument	**Carrying value at year end 2017**	After tax effect on statement of comprehensive income if the income interest rate increase/ (decrease) by 1%	Carrying value at year end 2016	After tax effect on statement of comprehensive income if the income interest rate increase/ (decrease) by 1%
Cash and cash equivalent	35 899	1 699	4 351 220	31 329
Other financial assets	2 636 108	16 550	473 719	3 411
Bank overdraft	(4 500 049)	(32 400)	(649)	(5)
Other financial liabilities	(24 379 214)	(165 409)	(11 599 470)	(83 516)

Financial instrument	Current interest rate %	Group 2017	Group 2016	Company 2017	Company 2016
Cash and cash equivalent	3%-4%	353 899	4 351 220	1 028	3 891 446
Other financial assets	10%-14%	2 636 108	473 719	-	-
Bank overdraft	14%	(4 500 000)	(649)	-	-
Other financial liabilities	10%-22%	(24 379 214)	(11 599 470)	-	-

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro.

The group does not hedge foreign exchange fluctuations.

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

Foreign currency exposure at the end of the reporting period

	Group		Company	
Figures in Rand	2017	2016	2017	2016
(Assets)/Liabilities				
Trade and other receivables (2016: USD 3190)	-	51 591	-	-
Trade and other payables (2017: USD 8 516.40, EURO 40 558.43)	(671 046)	(2 105 736)	-	-
Sensitivity analysis				
Strenghening of the USD by R1	8 516	129 057	-	-
Strenghening of the EURO by R1	40 558	22 558	-	-

Exchange rates used for conversion of foreign items were:

USD: 13.0917 (2016: 16.1414)
EURO: 13.7962 (2016: 17.5954)

32. Going concern

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

While management are aware of the cash-flow pressures and significant uncertainty regarding the ongoing liquidity constraints of the group at year-end, they continue to assess the situation as one whereby the group is able to service its debts that will become due in the next 12 months and also fund operational losses that may arise. This assessment is based on the following:

- The Group can tap into the current mortgage bond facility which has an approximate drawdown potential of R5 million.
- The group entered into an agreement with a strategic retailer to open a store-in-store concept in conjunction with its franchise owners which has the potential to roll out a large number of salons. The first two concept salons will open during October and November 2017. The Group is excited about embarking on this project due to the renewed brand awareness that it will create for its existing salon footprint.
- The group commenced with exports of its own skin care brands into the SADC countries during August 2017.
- The group announced a proposed rights offer to shareholders to raise funds to support strengthen the balance sheet of the Group, to fund an internal restructuring of the Group and continue to fund the future growth of the Group.

With this the group has finalised a strategic internal restructuring plan to simplify operations and drastically reduce operating costs. Management is confident that the implementation of the above strategic interventions will improve and address the liquidity and cash flow position of the group over the next twelve months.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2017

33. Events after the reporting period

Share issue

The company concluded an issue of shares subsequent to year end whereby 4 166 666 shares were issued in termsof the conclusion of the Scinderm transaction.

CAVI Transaction

Imbalie accepted a conditional offer from CAVI on 7 July 2017, which, if all conditions precedent were met, would have resulted in CAVI acquiring 70% of the ordinary shares in certain of the operating subsidiaries of Imbalie for a purchase consideration of R25 million. The acquisition by CAVI would have comprised the greater part of the assets of Imbalie. Imbalie and CAVI have agreed not to proceed with the conditional offer from CAVI.

34. Contingencies

The directors are not aware of any material contingent liability which existed at the reporting date and up to the date of this report requiring disclosure.

SHAREHOLDER ANALYSIS

Company: **Imbalie Beauty Ltd**
Register date: **28 February 2017**
Issued Share Capital: **629 872 558**

SHAREHOLDER SPREAD	No of Shareholdings	%	No of Shares	%
1 - 1 000 shares	82	21.52	22 001	0.00
1 001 - 10 000 shares	91	23.88	339 233	0.05
10 001 - 100 000 shares	114	29.92	3 989 860	0.63
100 001 - 1 000 000 shares	55	14.44	15 916 174	2.53
1 000 001 shares and over	39	10.24	609 605 290	96.78
Totals	**381**	**100.00**	**629 872 558**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Close Corporations	5	1.31	3 930 862	0.62
Individuals	347	91.08	256 438 752	40.71
Trusts	8	2.10	6 777 294	1.08
Other Corporations	7	1.84	919 699	0.15
Private Companies	14	3.67	361 805 951	57.44
Totals	**381**	**100.00**	**629 872 558**	**100.00**

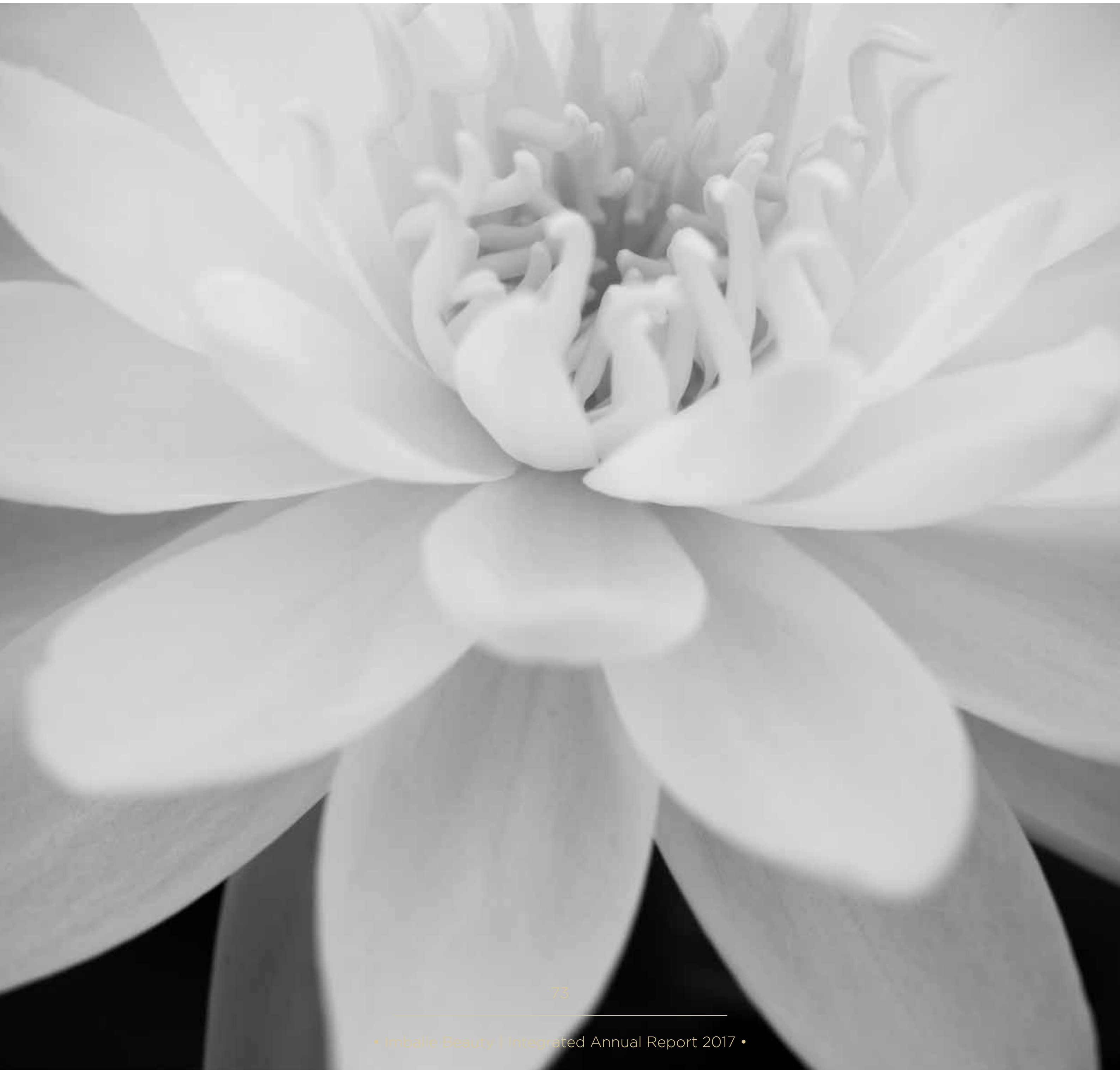
PUBLIC / NON - PUBLIC SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Non - Public Shareholders	**6**	**1.57**	**417 183 139**	**66.23**
Directors and Associates	4	1.05	250 686 947	39.80
Holding 10% or more	2	0.52	166 496 192	26.43
Public Shareholders	**375**	**98.43**	**212 689 419**	**33.77**
Totals	**381**	**100.00**	**629 872 558**	**100.00**

Beneficial shareholders holding 3% or more	No of Shares	%
SA Madiba Investment (Pty) Ltd	153 825 312	24.42
Holistic Remedies (Pty) Ltd	88 371 192	14.03
Unihold Group (Pty) Ltd	78125000	12.40
Colyn, E	53000000	8.41
Anne-Marie de Beer	30 959 117	4.92
Giyatri Paper Mills (Pty) Ltd	25000000	3.97
Hendrik Christoffel Keyter	19 020 327	3.02
Totals	**429 280 621**	**68.15**

Directors	No of Shares	%
Van der Merwe, WP	191 169 447	30.35
Colyn, E	53 000 000	8.41
Wolfendale, D	6 440 000	1.02
Schoeman, T	77 500	0.01
Totals	**250 686 947**	**39.80**

SHAREHOLDER'S DIARY

Financial year end	28 February 2017
REPORTS AND ANNOUNCEMENTS	
Integrated report	26 September 2017
Interim report	November 2017
Annual general meeting	20 October 2017



NOTICE OF ANNUAL GENERAL MEETING

IMBALIE BEAUTY LIMITED
Incorporated in the Republic of South Africa
Registration Number: 2003/025374/06

Notice is hereby given that the annual general meeting of the shareholders of the Company will be held on Friday, 20 October 2017 at 09h00 at the Company's registered office located at Imbalie Beauty Boulevard, 23 Saddle Drive, Woodmead Office Park, Sandton, 2191 ("the annual general meeting") for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

SALIENT DATES AND TIMES

Record date for posting Friday, 15 September 2017

Notice of annual general meeting posted to shareholders Tuesday, 26 September 2017

Last date to trade in order to be eligible to vote at the annual general meeting Tuesday, 10 October 2017

Record date in order to vote at the annual general meeting Friday, 13 October 2017

Form of proxy to be lodged by no later than 09h00 on Wednesday, 18 October 2017

General meeting to be held at 09h00 on Friday, 20 October 2017

Notes

1. *The above dates and times are subject to amendment.*
2. *All times indicated above are given in South African time.*
3. *To be valid, the completed form of proxy must be lodged with the Transfer Secretaries of the Company, Terbium Financial Services, Beacon House, 31 Beacon Road Florida North, Roodepoort, 1709 (PO Box 61272, Marshalltown, 2107), South Africa, to reach the Transfer Secretaries on or before 09h00 on Wednesday, 18 October 2017, being at least 48 hours (excluding Saturdays and Sundays and public holidays in South Africa) before the time appointed for the holding of the annual general meeting.*

PRESENTATION OF AUDITED FINANCIAL STATEMENTS – FEBRUARY 2017

As required in terms of section 30 of the Companies Act 71 of 2008 ("Companies Act"), the annual financial statements of the Company and its subsidiaries, incorporating the reports of the auditors, the audit committee and the directors for the financial year ended 28 February 2017 will be presented at the annual general meeting.

PRESENTATION OF REPORT FROM THE SOCIAL AND ETHICS COMMITTEE

As required in terms of Regulation 43 to the Companies Act, the Chairperson of the abovementioned committee will report to shareholders at the annual general meeting on the matters within its mandate.

SPECIAL RESOLUTIONS

In terms of the Companies Act, the passing of special resolutions requires the approval by at least 75% of the votes cast by shareholders present or represented by proxy at the annual general meeting.

Special resolutions 1.1 – 1.3: Approval of non-executive directors' fees

"RESOLVED by special resolution that the Company be and is hereby authorised to pay remuneration to its non-executive directors for their services as directors, as contemplated in section 66(8) and section 66(9) of the Companies Act, as amended, and that the remuneration structure and amounts as set out below, be and are hereby approved with effect from the current financial year for a period of 1 year until such time as rescinded or amended by shareholders by way of a special resolution:

	Fee
1.1 Chairman of the board – per month	**R10 000**
1.2 Members of the board – per month	**R7 500**
1.3 Ad hoc – per hour	**R1 500**

Explanatory note

In terms of section 66(8) and section 66(9) of the Companies, 2008, companies may pay remuneration to directors for their services as directors unless otherwise provided by the Memorandum of Incorporation ("MOI") and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the Company.

The resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the Company. In terms of the provisions of the Companies Act, special resolutions numbered 1.1 – 1.3 require the approval of at least 75% of the votes cast by shareholders present or represented by proxy at the annual general meeting for these resolutions to become effective.

Special resolution 2: financial assistance to all related and inter-related companies

"RESOLVED THAT, as a special resolution, in terms of section 45 of the Companies Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 2, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation provided that:

(a) the board of directors of the Company ("the board") from time to time, determines

(i) the specific recipient or general category of potential recipients of such financial assistance;

(ii) the form, nature and extent of such financial assistance;

(iii) the terms and conditions under which such financial assistance is provided, and (b) the board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 2 unless the board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note

The purpose of special resolution number 2 is to grant the board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related Company or corporation. Special resolutions to be adopted at this annual general meeting require approval by at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. Notice has to be given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 2:

(a) By the time that this notice of annual general meeting is delivered to shareholders of the Company, the board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 2 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a related or interrelated Company or corporation;

(b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 2 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and (c) in as much as the section 45 board resolution contemplates that such financial assistance will in the aggregate exceed one tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

Special resolution 3: General approval to acquire shares

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

- this general authority be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this resolution (whichever period is shorter);
- the repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- the number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty percent) of the Company's issued share capital as at the date of passing of this special resolution or 10% (ten percent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;

Special resolution 3: General approval to acquire shares (continued)

- at any point in time the Company only appointing one agent to effect any repurchases on its behalf; and
- the board of directors passing a resolution that they authorised the repurchase and that the Company passed solvency and liquidity tests set out in section 4 of the Act and that since the test was done there have been no material changes to the financial position of the Group.

The directors, having considered the effects of the maximum repurchase permitted, must be of the opinion that for a period of 12 (twelve) months after the date of the notice of the annual general meeting and at the actual date of the repurchases:

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

Explanatory note

The purpose of special resolution number 3 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances in their opinion warrant it.

Special resolutions to be adopted at this AGM require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Special resolution 4: Increase in authorised share capital of the Company

"RESOLVED by way of a special resolution that the board of directors be and are hereby authorised to increase the authorised share capital of the Company from 1 billion to 2 billion ordinary shares."

ORDINARY RESOLUTIONS

In terms of the Companies Act, the passing of ordinary resolutions requires the approval by more than 50% of the votes cast by shareholders present or represented by proxy at the annual general meeting.

Ordinary resolutions 1: Election and re-election of directors

In accordance with the provisions of the Company's MOI the appointment of any directors appointed by the board shall be confirmed by shareholders at the first AGM following such appointment.

In addition, one third of the non-executive directors, excluding the newly appointed directors, must retire from office at the AGM and may, if eligible and willing, offer themselves for re-election. In terms hereof, Ms P Tladi will be retiring from office at the AGM. Ms P Tladi has confirmed her willingness to continue to serve as a member of the board.

Ordinary Resolution 1:

"RESOLVED that, Ms P Tladi, who retires by rotation at this annual general meeting in accordance with the Company's MOI and who is eligible and available for re-election, be and is hereby re-elected as an independent non-executive director of the Company."

Ordinary resolutions 2.1 to 2.3: Appointment to audit and risk committee

In terms of section 94(2) of the Companies Act, as amended, a public Company must at each annual general meeting elect an Audit Committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. Regulation 42 to the Companies Act specifies that one third of the members of the Audit Committee must have appropriate academic qualifications or experience in the areas as listed in the regulation. It is duly noted that the Companies Act requires a minimum of three members to be proposed to shareholders for appointment as members of the Audit Committee.

The board of directors of the Company is satisfied that the proposed members of the Audit and Risk Committee meet all relevant requirements, including being independent non-executive directors as defined by King III.

The appointment of Mr MM Patel, Mr TJ Schoeman and Ms P Tladi as members of the Audit and Risk Committee will be subject to their election and re-election as directors of the Company.

The appointment of Mr TJ Schoeman as a Chairman of the Audit and Risk Committee will be subject to his re-election as a director of the Company.

Ordinary Resolution 2.1

"RESOLVED THAT Mr TJ Schoeman be and is hereby elected as a member and Chairman of the Audit and Risk Committee."

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution 2.2

"RESOLVED THAT Mr MM Patel be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary Resolution 2.3

"RESOLVED THAT Ms P Tladi be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary resolution 3: Re-appointment of external auditors

Nexia SAB&T has indicated its willingness to continue in office and ordinary resolution 3 proposes the reappointment of that firm as the Company's auditors by shareholders. Section 90(3) of the Companies Act, requires the designated auditor to meet the criteria as set out in section 90(2) of the Act. The board of directors of the Company is satisfied that both Nexia SAB&T and the designated auditor,

Mr T de Kock, meet all relevant requirements.

"RESOLVED THAT Nexia SAB&T be and is hereby reappointed as the Company's external auditors, with

Mr T de Kock being the individual registered auditor, until the next AGM."

Ordinary resolution 4: Authority to issue shares

In terms of the Companies Act, directors are authorised to allot and issue the unissued shares of the Company, unless otherwise provided in the Company's MOI or in instances as listed in section 41 of the Act. In accordance with the provisions of the Company's MOI, shareholders in an annual general meeting may authorise the directors to issue unissued securities and/or grant options to subscribe for unissued securities as the directors in their discretion, provided that such transaction(s) has/have been approved by JSE Limited and are subject to the JSE Listings Requirements. Directors confirm that there is no specific intention to issue any shares, other than as part of and in terms of the rules of the Company's share incentive schemes, as at the date of this notice.

"RESOLVED THAT the board of directors be and are hereby authorised by way of a general authority to allot and issue at their discretion the unissued but authorised ordinary shares in the share capital of the Company and/or grant options to subscribe for the unissued shares in the issued share capital of the Company as at 28 February 2017 for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/ have been approved by JSE Limited and are subject to the JSE Listings Requirements and the requirements of the Companies Act of 2008."

Ordinary resolution 5: Authority to issue unissued shares for cash

"RESOLVED THAT the directors be and are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements, when applicable, and the following limitations, namely that this authority shall only be valid until the next annual general meeting of the Company but shall not extend beyond 15 months from the date this authority is given; the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE and not related parties; the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue; in respect of securities which are the subject of the general issue of shares for cash:

- in the aggregate in any one financial year may not exceed 50% (fifty percent), being 317,019,612 shares, of the Company's relevant number of equity securities in issue of that class (for purposes of determining the securities comprising the 50% number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities);
- of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
- as regards the number of securities which may be issued (the 50% number), shall be based on the number of securities 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 securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year; plus any securities of that class to be issued pursuant to:
    - a rights issue which has been announced, is irrevocable and is fully underwritten; or
    - acquisition (which has had final terms announced) may be included as though they were securities in issue at the date of application;

Ordinary resolution 5: Authority to issue unissued shares for cash (continued)

- an announcement, including the number of securities issued, the average discount to the weighted average traded price of the equity securities over the 30 business days prior to the date that the issue is agreed in writing between the issuer and the party/ies subscribing for the securities and an explanation of the intended use of the funds, be published after any issue representing, on a cumulative basis within one financial year, 5% or more of the number of equity securities in issue prior to that issue concerned;
- In determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares of the Company on the JSE, measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities.
- In terms of the JSE Listings Requirements, the passing of ordinary resolution number 5 requires the approval by atleast 75% of the votes cast by shareholders present or represented by proxy at this annual general meeting.

Ordinary resolution 6: Group remuneration philosophy

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

"RESOLVED, by way of a non-binding, advisory vote, that the remuneration philosophy of the Company be and is hereby approved."

Ordinary resolution 7: Signing authority

"RESOLVED that, any director of the Company or the company secretary be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the special and ordinary resolutions as set out in this notice of the annual general meeting."

ADDITIONAL INFORMATION

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in the integrated report of which this notice forms part: major shareholders of the Company and share capital of the Company.

Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of this notice.

Directors' responsibility statement

The directors, whose names are given in the integrated report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 3 that have been omitted which would make any statement in relation to special resolution number 3 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 3 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 3.

Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with IFRS, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

IDENTIFICATION, PROXIES AND VOTING

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the annual general meeting in the place of the shareholder, and shareholders are referred to the proxy form attached to this notice in this regard; and
- a proxy need not also be a shareholder of the Company; and in terms of section 63(1) of the Companies Act, any person attending or participating in an annual general meeting of shareholders must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder)has been reasonably verified.

NOTICE OF ANNUAL GENERAL MEETING

IDENTIFICATION, PROXIES AND VOTING (continued)

All beneficial owners whose shares have been dematerialised through a Central Securities Depository Participant ("CSDP") or broker other than with "own name" registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the annual general meeting.

Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the annual general meeting.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

Forms of proxy (which form may be found enclosed) must be dated and signed by the shareholder appointing a proxy and must be received at the offices of the transfer secretaries, Terbium Financial Services (Pty) Ltd.

Before a proxy exercises any rights of a shareholder at the annual general meeting, such form of proxy must be so delivered.

In compliance with the provisions of section 58(8)(b)(i)of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out immediately below: An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the annual general meeting in the place of the shareholder. A proxy need not be a shareholder of the Company.

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.

A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph. If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so. The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting. On a show of hands every shareholder present in person or by proxy, and if a member is a body corporate, its representative, shall have one vote and on a poll every shareholder present in person or by proxy and, if the person is a body corporate, its representative, shall have one vote for every share held or represented by him/her. Shareholders and proxies attending the annual general meeting on behalf of shareholders are reminded that section 63(1) of the Companies Act requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.

By order of the Board

Natasha Camhee
For: Arenkwe Governance Services
Company Secretary
26 September 2017

FORM OF PROXY

IMBALIE BEAUTY LIMITED
Incorporated in the Republic of South Africa
Registration Number: 2003/025374/06
JSE code: ILE ISIN ZAE 000165239

To be completed by certificated shareholders and dematerialised shareholders with "own name" registration only For completion by registered members of the Company unable to attend the annual general meeting of the Company on Friday, 20 October 2017 at 09h00 at the Company's registered office located at Imbalie Beauty Boulevard, 23 Saddle Drive, Woodmead, 2191 or at any adjournment thereof.

I/WE ______________________________

Of ______________________________ (address)

Tel ______________ (work) ______________ (home) ______________ (mobile)

Being the holder/s of ______________ shares in the Company do hereby appoint

1. ______________________________ or, failing him/her

2. ______________________________ or failing him/her

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

	For	Against	Abstain
Special Resolution: 1.1: Approval of Chairman of the Board Fees – per month			
Special Resolution: 1.2: Approval of Members of the Board Fees – per month			
Special Resolution: 1.3: Ad hoc Fee – per hour			
Special Resolution 2: To approve any provision of financial assistance to related and inter-related companies			
Special Resolution 3: General authority to acquire the Company's own securities			
Special resolution 4: To authorise the increase in authorised share capital of the Company			
Ordinary Resolution 1: To re-elect Mr TJ Schoeman as a non-executive director (independent)			
Ordinary Resolution 2.1: To appoint Mr TJ Schoeman as a member and Chairman of the Audit and Risk Committee			
Ordinary Resolution 2.2: To appoint Mr MM Patel as a member of the Audit and Risk Committee			
Ordinary Resolution 2.3: To appoint Ms P Tladi as a member of the Audit and Risk Committee			
Ordinary Resolution 3: To approve the re-appointment of the external auditors			
Ordinary Resolution 4: To authorise directors to allot and issue unissued ordinary shares			
Ordinary Resolution 5: To authorise directors to allot and issue unissued ordinary shares for cash			
Ordinary Resolution 6: To approve the Group remuneration philosophy			
Ordinary Resolution 7: Signing Authority			

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

Signed at this ______________ day of ______________ 2017

Signature ______________________________

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

Please read the notes on the reverse side hereof

NOTES TO THE PROXY FORM

NOTES TO THE PROXY FORM

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in"own name".

2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

3. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairman of the meeting.

4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

5. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless noticeas to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty-eight hours before the commencement of the AGM.

6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.

7. The chairman of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

8. A shareholder's authorisation to the proxy including the chairman of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.

9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.

11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.

12. Where there are joint holders of ordinary shares:

    12.1. any one holder may sign the form of proxy;

    12.2. the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

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

    Hand deliveries to: **Postal deliveries to**:

    Terbium Financial Services

    Beacon House

    31 Beacon Road Florida North,

    to be received by no later than 09h00 on Wednesday, 18 October 2017.

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

SUMMARY OF THE RIGHTS OF A SHAREHOLDER TO BE REPRESENTED BY PROXY AS SET OUT IN SECTION 58 OF THE COMPANIES ACT:

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

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

CORPORATE INFORMATION

IMBALIE BEAUTY LIMITED

Registration number 2003/025374/06
JSE abbreviated name: "Imbalie"
JSE code: ILE
ISIN: ZAE000165239
Sector: AltX
Exchange: Alternative Exchange
Founded: 2003
Listed JSE: 21 August 2007
Website: www.imbaliebeauty.co.za

BUSINESS ADDRESS

Imbalie Beauty Boulevard
23 Saddle Drive,
Woodmead Office Park, Sandton, 2191
Telephone: (011) 086 9800

DIRECTORS

Mr MM Patel (Chairman)
Mr TJ Schoeman (Independent non-executive Director)
Ms P Tladi (Independent non-executive Director)
Mr WP van der Merwe (non-executive Director)
Ms E Colyn (CEO)
Ms D Wolfendale (Marketing, Sales and Training Director)
Mr J Prince (Financial Director)

COMPANY SECRETARY AND REGISTERED OFFICE

Arenkwe Governance Services
Represented by Ms Natasha Camhee
PO Box 652 Ruimsig, 1732
Tel: +27 11 71 2121 / +27 11 760 1908

TRANSFER SECRETARIES

Terbium Financial Services
Beacon House, 31 Beacon Road,
Florida North, 1709,
Johannesburg, South Africa
Florida North, Roodepoort, 1709
(PO Box 61272, Marshalltown, 2107),

BANKERS

Absa Bank Limited

ATTORNEYS

Bouwers Inc
(Registration number 2004/034346/21)
Block 6 Albury Office Park
Corner Albury Road and Jan Smuts Avenue
Hyde Park, Johannesburg
(PO Box 412308, Craighall, 2024)
Telephone: +27 (0) 11 325 5530
Facsimile: +27 (0) 11 325 5639

DESIGNATED ADVISOR

Exchange Sponsors 2008 (Pty) Ltd
(Registration number 2008/019553/07)
44A Boundary Road
Inanda
Sandton, 2196
(PO Box 411216, Craighall, 2024)
Telephone: (011) 880 2113
Facsimile: (011) 447 4824

AUDITORS

Nexia SAB&T
(Registration number 1997/018869/21)
119 Witch-Hazel Avenue
Highveld Technopark
Centurion, 0157
(PO Box 10512, Centurion, 0046)
Telephone: (012) 682 8800
Facsimile: (012) 682 8801

IMBALIE® BEAUTY

IMBALIE® BEAUTY ACADEMY

Placecol® skin care clinic

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Dream Nails Beauty®

www.imbaliebeauty.co.za