LIVE • LIFE • BEAUTIFUL®

IMBALIE® BEAUTY

INTEGRATED ANNUAL REPORT 2020

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The Leading And Most Desirable

Beauty And Wellness Solutions Group, nationally and internationally

ABOUT IMBALIE BEAUTY

ABOUT IMBALIE

Imbalie Beauty is a leading and desirable beauty and wellness solutions group in South Africa. Its focus is primarily on the development, growth and innovation of our own skin care product brands and treatments through a franchise salon footprint through the following franchise salon chains: Placecol Skin Care Clinics, Perfect 10 and Dream Nails Beauty Salons. The Group's skin care brands are available to consumers in its own salon footprint, large retail groups, pharmacies, independent salon outlets and on various on-line platforms.

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

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

VISION AND MISSION

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

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

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

VALUES

We live our values of:

- Prosperity
- Teamwork
- Integrity
- Beauty
- Respect

IMBALIE BEAUTY GUARANTEE

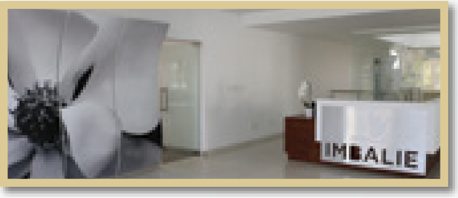
- A world-class structure to provide ongoing business and specialist marketing support.
- World-class systems, integrated with beauty gift cards and rewards programmes.
- Ongoing business and beauty training.
- Reputable products, technology and treatments.
- Continuous innovation and latest international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

BUSINESS MODEL

SUPPORT STRUCTURE

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

- **Education**
- **Marketing**
- **Customer Care**
- **Project Management**
- **Finance**
- **Innovation**
- **Award-winning brands**



iBloom Beauty and Wellness Academy

The Academy is ITEC and SETA Accredited.

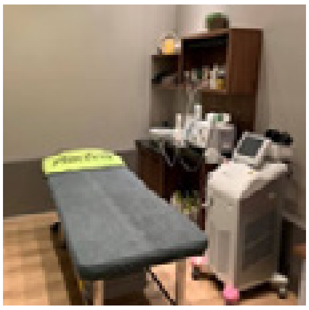
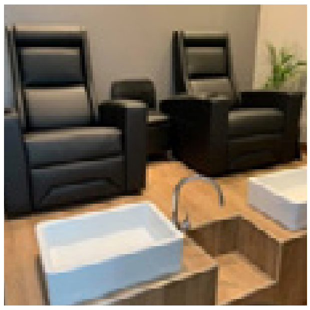
The Academy is built on the success and experience of the Imbalie Beauty Franchise Group. Imbalie Beauty's expertise in the industry offers students a refreshing one of a kind approach to starting or further developing their careers.

MAIN SALON BRANDS

Placecol®

PLACECOL®

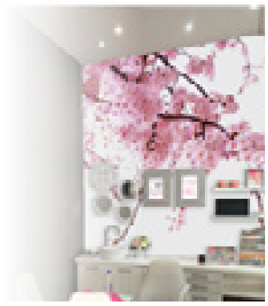
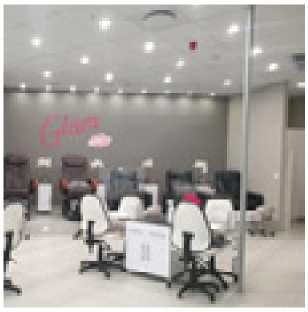
Placecol, a much-loved and trusted South African skin care brand turns 40 in 2020! Our Placecol Skin Care professionals are subject to ongoing education to ensure our customers receive treatments that meet the highest standards of excellence. Placecol has a commitment towards ongoing innovation and a focus on high quality products and treatments, which incorporate safe and effective technology that deliver visible results for customers.

Dream Nails Beauty®

DREAM NAILS BEAUTY®

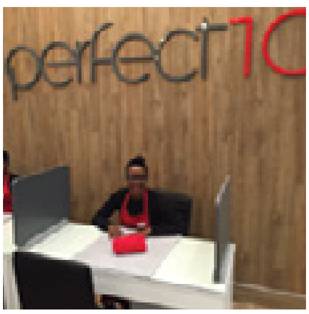
The Dream Nails Beauty brand is more than 35 years old and strives to create an environment that offers the latest trends in nails, lashes and brows while encouraging our customers to fulfill their need for sophistication, glam and individuality. Dream Nails offers beauty and glam while being a modern trendsetter that represents a whole new generation of women, who live, breathe and share beauty in their own individual way.

perfect10®

PERFECT 10®

The Perfect 10 Nail and Body Studio brand is an 18 year old, well recognised brand in South Africa. The Perfect 10 Nail and Body Studio concept is based on the latest international trends in the beauty industry. The brand radiates modern elegance, placing a very strong emphasis on retailing only well-known international brands. Exceptionally well trained professionals are employed to guarantee a quality and value added service offering. At Perfect 10 we believe the heartbeat of our business is our people.


BOARD OF DIRECTORS

BHEKI SHONGWE

Independent Non-Executive Chairman
Chairman of Remuneration Committee
Member of Nomination Committee
BA Economics and Accounting, MBA, FCIS, FCIBM

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

GARY HARLOW

Non-Executive Director
Member of Audit and Risk Committee
Member of Remuneration Committee
Chairman of Nomination Committee
BBusSci (Hons), FCMA, CGMA, CA(SA)

Mr Harlow graduated from the University of Cape Town in 1979, qualifying as a Chartered Accountant (SA) in 1982, an associate of the Chartered Institute of Management Accountants (UK) in 1983 and as a Fellow Chartered Management Accountant (UK) in 1996. His career was forged in merchant and investment banking. In the early 1990s he was an adviser to the African National Congress in developing black economic empowerment strategies and in 1992 was instrumental in the creation of Thebe Investment Corporation, South Africa's first broad-based black-owned company. He served as joint chief executive officer of Msele Corporate and Merchant Bank, South Africa's first black-controlled merchant bank. In 1996 Mr Harlow was appointed Group Chief Executive Officer of Unihold, where he remains as Executive Chair. He led its transition from an engineering conglomerate to an international IT and telecommunications group, followed by a delisting through a management buyout in 2002. He continues to serve on numerous private and public company boards, amongst them, Blue Label Telecoms Limited and Cell C Limited, where he also chairs the Audit Committee.

THEO SCHOEMAN

Independent Non-Executive Director
Chairman of the Audit and Risk Committee
Member of Remuneration Committee
Member of Nomination Committee

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

Mr Schoeman has a corporate finance background and his wide business experience encompasses, inter alia, industry consolidations and the set-up of new businesses and listings.

He received the "Centurion Businessman of the Year" award in 2005 and is currently the Chief Executive Officer of the Centurion Academy.

BOARD OF DIRECTORS (CONTINUED)

WESSEL VAN DER MERWE
Non-Executive Director
Member of the Audit and Risk Committee
Member of Remuneration Committee
Member of Nomination Committee
BCom Hons; CA (SA)

Mr van der Merwe has accumulated more than 20 years' experience in investment banking and corporate finance. He spent 3 years in investment banking at Gensec Bank and founded a corporate finance business and co-founded a JSE Sponsor business with the most listings on the JSE AltX to date. He is experienced in all aspects of corporate finance, but his specific skills lie in deal negotiations and structuring, as well as capital raising. He has an extensive network of clients and introduced BEE shareholders into most of the listings undertaken by his business.

ESNA COLYN
Chief Executive Officer
BCom Hons; CA (SA)

Esna joined Imbalie Beauty in May 2010 as the CEO of the Group, after many years' experience in banking (ABN Amro Bank), private equity (Investec Bank), the wellness industry ("NRF") and corporate finance (Exchange Sponsors and Vunani Capital). Esna is spearheading the vision of Imbalie to be the leading and most desirable beauty and wellness solutions group, nationally and internationally. Our passion at Imbalie has always been to empower and elevate women in the business of beauty and wellness. Imbalie Beauty is celebrating 40 years in beauty and wellness in 2020.

RINA DE JAGER
Financial Director
BCom

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

REPORT OF THE CHAIRMAN AND CEO

Introduction

Imbalie Beauty is a leading and desirable beauty and wellness solutions group in South Africa with a focus primarily on the development, growth and innovation of our own skin care product brands and treatments through a franchise salon footprint and the following franchise salon chains: Placecol Skin Care Clinics, Perfect 10 and Dream Nails Beauty Salons. In addition, the Group's skin care brands are available to consumers in its own salon footprint, large retail groups, pharmacies, independent salon outlets and various on-line platforms.

The Group's underlying salon footprint experienced continued difficult trading conditions during 2020, resulting in the closure of unprofitable salons during the year and subsequent to the year end. On 27 March 2020, our beauty salons went into the Government-imposed lockdown ("lockdown") as a result of the Covid-19 pandemic, with the majority of our salons only re-opening for business on 1 July 2020.

As a Group we introduced the required branded Personal Protective Equipment ("PPE"), training and safety videos to our footprint to ensure the continued safety of our employees and customers in the workplace.

The Group received a prestigious industry award from Pharmaceutical and Cosmetic Review in October 2019 on its new Placecol Excellence skin care range, launched in June 2019, which offers skin care solutions for skin on a biological level. Placecol skin care clinics were recognised for the fifth year in a row by Best of Bloemfontein, reinforcing our beauty salons as the consumer's preferred choice, in this region.

Future

As hard as the Covid-19 lockdown period has been it allowed the management team of Imbalie Beauty time to reset our business for the future through the implementation of various strategies to strengthen our franchise footprint.

Our first focus during lockdown was to enable our footprint, which employs over 400 women, with new skills, new on-line capabilities, the implementation of growth teams (to create new revenues for their existing businesses) and finally the implementation of Covid-19 readiness training prior to the re-opening of our salon doors.

Our Imbalie Beauty team has worked tirelessly to establish and successfully launched the new Direct Sales Division in August 2020, to increase overall revenue.

This new Direct Sales Division was launched in conjunction with various collaborative partners in the beauty and wellness industry, to ensure that we continue to offer the best beauty and wellness solutions to our valued customers. We understand our market place has changed and our responsibility is to embrace this and make it easier for our customers to continue doing business with us.

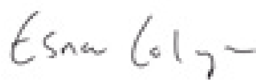
The Group also successfully launched its Digital Training Academy in October 2020, to generate new revenue for the Group.

As a result of an application to ABSA Bank Limited (the Bank) for a Covid-19 SARB Guaranteed Loan of R6 million, the Company received notification from the Bank on 7 October 2020 that its application had been approved, with a condition precedent to the approval of the loan that the Company delist from the Johannesburg Stock Exchange Limited. In support of the delisting of the Company, the Board of Directors has received irrevocable undertakings from the majority shareholders to support and vote in favour of the delisting of the Company from the JSE Limited. Shareholders will be further engaged in respect of the application to delist the Company in the very near future.

Appreciation

Executive management would like to thank our non-executive directors for their valuable contribution during 2020 and especially during the lockdown period in South Africa, as well as our exceptional team, our franchise and independent partners, our valued and loyal customers, strategic business partners and our suppliers, for their continued support and business during the year.

Bheki Shongwe
Chairman of the Board



Esna Colyn
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

BACKGROUND

The Committee presents its report for the financial year ended 29 February 2020 as recommended by the King IV report on Corporate Governance and in line with the Companies Act, 2008 (Act 71 of 2008) ("the Companies Act").

OBJECTIVE AND SCOPE

The overall objectives of the Committee are as follows:

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

The Committee performed the following activities:

- Received and reviewed reports from external auditors concerning the effectiveness of the internal control environment, systems and processes;
- Reviewed the reports of external auditors detailing their concerns arising out of their audits, and requested appropriate responses from management resulting in their concerns being addressed;
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings;
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence; and
- Considered the JSE's most recent report-back on proactive monitoring of financial statements, and took appropriate action, where necessary, to respond to findings as highlighted in the JSE report when preparing the annual financial statements for the year ended 29 February 2020
- 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 29 February 2020; and
  - the interim results for the six months ended 31 August 2019.

The Committee has evaluated the financial statements of Imbalie Beauty Limited and the Group for the year ended 29 February 2020 and, based on the information provided to the Committee, considers that the Group complies, in all material aspects, with the requirements of the Companies Act and with International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

The Committee further confirms that the 2019 JSE report on proactive monitoring of financial statements, issued on 18 February 2020, was tabled and, having considered the important findings and focus areas identified by the JSE in the report, the Committee was satisfied that all such findings and focus areas are adequately addressed by the Company and no further remedial action is necessary.

The 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 non-executive directors. They are Theo Schoeman (Independent Chairman), Gary Harlow and Wessel van der Merwe.

EXTERNAL AUDIT

The Committee has satisfied itself through enquiry that the auditor of Imbalie Beauty Limited is independent as defined by the Companies Act. The Committee, in consultation with executive management, agreed to an audit fee for the 2020 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. The Committee assessed the suitability of the re-appointment of Nexia SAB&T and the designated individual partner, by considering the information provided by Nexia SAB&T as required per paragraph 22.15(h) of the JSE Listings Requirements. The Committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, Nexia SAB&T, as the external auditor for the 2020 financial year.

ANNUAL FINANCIAL STATEMENTS

The Committee has evaluated the consolidated annual financial statements for the year 29 February 2020 and considers that they comply, in all material aspects, with the requirements of the Companies 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 Committee, together with the board and management, has taken appropriate steps to ensure that the Company had processes in place to comply fully with the Companies Act before the conclusion of the financial year ended 29 February 2020.

THEO SCHOEMAN

Audit and Risk Committee Chairman

Corporate Governance

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

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

The Board Charter outlines its objectives and responsibilities.

The sub-committees operate in accordance with written terms of reference, which are reviewed annually by the Board. The Board takes ultimate responsibility for the Company's adherence to sound corporate governance standards and sees to it that all business decisions and judgments are made with reasonable care, skill and diligence.

Non-executive directors are expected to contribute an independent view on matters considered by the Board.

All directors have the requisite knowledge and experience required to properly execute their duties, and all participate actively in board meetings. In terms of the Memorandum of Incorporation (MOI) the number of directors shall not be less than four. The Board comprises of six directors of whom two are executive directors, two are independent non-executive directors and two are non-executive directors.

Responsibilities of the Board

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

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

The Board remains under constant review to ensure the optimum mix of skills and experience to maintain balance in terms of the independence of directors. The Board has the responsibility of reviewing and adopting the terms of reference of its sub-committees.

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

Bheki Shongwe continues his role as Chairman of the Board and Esna Colyn is the CEO. The separation of these two roles ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making, thus ensuring there is a clear balance of power and authority at Board of Directors level.

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

Board Composition

BJT Shongwe - Independent Non-Executive Chairman

TJ Schoeman - Independent Non-Executive Director

GD Harlow - Non-Executive Director

WP van der Merwe - Non-Executive Director

E Colyn - Executive Director: CEO

CW de Jager - Executive Director: Finance

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

The Board of Directors is satisfied that it has discharged all its duties and fulfilled its responsibilities in accordance with and is in compliance with the provisions of the Companies Act and operates in conformity with its Memorandum of Incorporation.

Attendance at board meetings during the financial year ended 29 February 2020

Member	8 March 2019	27 May 2019	19 Sept 2019	28 Nov 2019
BJT Shongwe	√	√	√	√
E Colyn	√	√	√	√
CW de Jager	√	√	√	√
GD Harlow	√	√	√	√
TJ Schoeman	√	√	√	√
WP van der Merwe	√	√	√	√

BOARD CHARTER

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

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

- Board leadership and defines the separate responsibilities of the Chairman and the CEO;
- procedures, pre-requisites and competencies for membership, size and composition of the Board, period of office, reward, induction and succession planning;
- procedures for Board meetings, frequency, quorum, agendas, board papers, conflicts of interest and minutes;
- retaining full and effective control of the Group;
- reviewing and approving corporate strategy;
- approving and overseeing major capital expenditure;
- reviewing and approving annual budgets and business plans;
- monitoring operational performance and management;

- determining the Group's purpose and values;
- ensuring that the Group complies with sound codes of business behaviour;
- ensuring 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 chief executive officer and ensures proper succession planning for executive management;
- regularly identifies and monitors key risk areas and the management thereof; and
- oversees the Company's disclosure and communication process.

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

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

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

COMPANY SECRETARY

The Board has the responsibility of appointing and removing the company secretary. The Board is satisfied that Paige Atkins is competent to fulfil the company secretariat function as is formally reviewed every two years. The company secretary is independent and is not a related party in the Group, maintaining an arms-length relationship with the Company and directors.

The company secretary is fully empowered by the Board to perform the function and reports directly to the Independent Non-Executive Chairman. Amongst other duties, the company secretary ensures that the Company adheres to all legislative, regulatory and shareholder requirements by advising the Board on all legislation and governance issues affecting the Company, assisting the directors in execution of their duty of care, skill and diligence. The Board members have unrestricted access to the advice and guidance of the company secretary. The company secretary has an independent relationship with the board of directors.

ROTATION AND RETIREMENT FROM THE BOARD

In accordance with the MOI, one-third of the non-executive directors shall retire from office at each annual general meeting and their re-appointment is subject to shareholder approval. All non-executive directors are subject to retirement and re-election by shareholders every second year. The Board, assisted by the Nominations Committee, recommends the eligibility of the retiring directors (subject to availability and his/her contribution to the business) for re-appointment. The directors retiring by rotation at the forthcoming annual general meeting are Theo Schoeman and Wessel van der Merwe.

REMUNERATION

Details of directors' fees and remuneration are fully disclosed in the annual financial statements. Furthermore, the projected fees to be paid to non-executive directors for approval by shareholders by way of a special resolution are set out in the notice of the annual general meeting forming part of this report. Non-executive directors only receive a fee which is due to them as members of the Board.

Remuneration of executive directors in their capacities as members of the management team as recommended by the Remuneration- and Nominations Committees is fully disclosed in the financial statements.

MONITORING OF PERFORMANCE

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

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

BOARD COMMITTEES

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

AUDIT AND RISK COMMITTEE

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

TJ Schoeman - Chairman

GD Harlow - Non-Executive Director

WP van der Merwe - Non-Executive Director

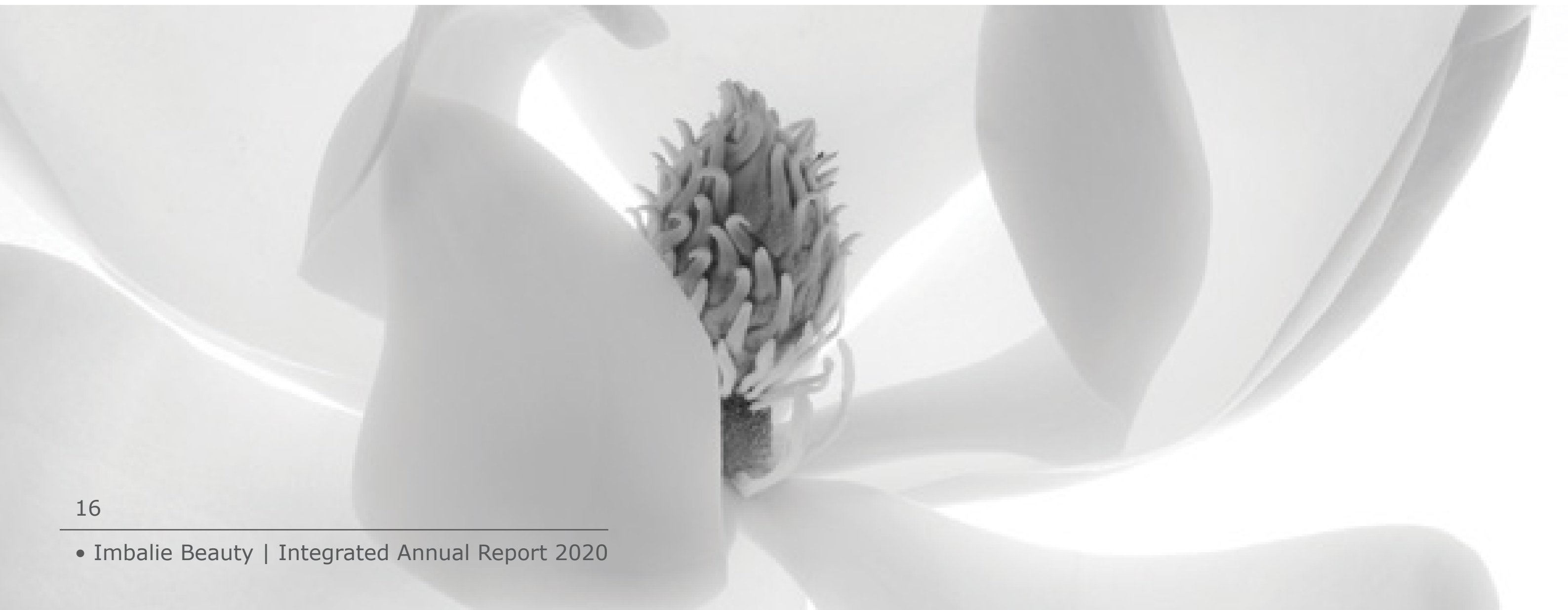
The Board is satisfied that the members meet the definition of non-executive directors, acting independently, as defined in the Companies Act. The Committee is satisfied that the responsibilities as stated in the terms of reference have been fulfilled. The terms of reference for the Committee intend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

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

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

The Committee is responsible for the following:

- Incorporating annual financial statements, interim reports, preliminary or provisional result announcements;
- Reviewing and recommendation of the annual financial statements to the Board for approval;
- Completion of the integrated report and recommends it to the Board for approval;
- Monitor significant judgments and reporting decisions affecting the integrated report made by management;
- Makes a statement on the going concern status of the Company;
- Confirm, by reporting to shareholders in its integrated annual report, that it has executed the responsibilities set out in paragraph 3.84(g) of the JSE Listings Requirements;
- 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;



- Ensure that the Company has established appropriate financial reporting procedures and that those procedures are operating, which should include consideration of all entities included in the consolidated group IFRS financial statements;
- Ensure that the Company has access to all the financial information to allow it to effectively prepare and report on the financial statements of the Company;
- 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;
- Consider, evaluate and satisfy itself of the performance and appropriateness of the expertise and experience of the Financial Director as required in terms of the JSE Listings Requirements;
- Govern information technology and the effectiveness of the Company's information systems;
- Facilitates the relationship with the external auditors and for monitoring the non-audit services provided by the external auditors. The external auditors have direct access to the Chairman of the Committee and attend all meetings of the Committee ensuring that auditors are able to maintain their independence;
- Requests from the firm of external auditors, and if necessary consult with the audit firm, on the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner;
- 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; and
- Reports to the Board and shareholders on how it has discharged its duties.

Attendance at the Audit and Risk Committee Meetings during the financial year ended 29 February 2020

Member	8 March 2019	27 May 2019	19 Sept 2019	28 Nov 2019
GD Harlow	√	√	√	√
TJ Schoeman	√	√	√	√
WP van der Merwe	√	√	√	√

NOMINATIONS COMMITTEE

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

GD Harlow - Chairman

TJ Schoeman - Independent Non-Executive Director

BJT Shongwe - Independent Non-Executive Director

WP van der Merwe - Non-Executive Director

The Committee has the responsibility of:

- assisting the Board in the nomination of new board candidates; and
- ensuring regular assessment of Board performance.

The Company has implemented a Board diversity policy.

The Committee fully supports the principles and objectives of gender and race diversity and is committed to the implementation thereof. It is the Committee's intention, when the opportunity arises, to improve female and race representation at Board level to 40% female representation and 50% race representation.

RENUMERATION COMMITTEE

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

WP van der Merwe – Chairman

GD Harlow - Non-Executive Director

TJ Schoeman - Independent Non-Executive Director

BJT Shongwe – 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; and
- structuring appropriate remuneration packages for executive directors, based on industry standards and the best interests of all parties concerned;

The salary structure is in accordance with the Company's overall reward philosophy and is designed to:

- enable the Company to attract, retain and motivate the right calibre of individuals so as to ensure that a consistent and high level of performance is achieved;
- provide guidelines so that decisions are made timeously with confidence and integrity;
- maintain fair, consistent and equitable total remuneration practices in alignment with the Company's core values;
- foster individual development and teamwork;
- encourage internal development of talent; and
- re-enforce roles and accountabilities.
- The remuneration philosophy also records the measures the Board will adopt in the event that either the remuneration philosophy or the implementation report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the Company will, when announcing the results of the annual general meeting, provide dissenting shareholders with information on how to engage with the Company in this regard and the timing of such engagement.

SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee composition is a follows:

WP can der Merwe – Chairman

E Colyn - Chief Executive Officer

CW de Jager – Finance Director

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

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

The committee evaluates its performance and effectiveness as part of the formal Board evaluation process every two years. 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 Chairman of the Committee reports to the Board any concerns, findings or recommendations for consideration, review and necessary decision-making. The Chairman of the Committee attends the Group's annual general meeting and reports to shareholders on the matters within the Committee's mandate.

In assisting the Board in ensuring that the Imbalie Group acts as a good and responsible corporate citizen, the committee is satisfied that it has discharged all its duties and fulfilled its responsibilities in accordance with its charter and as prescribed by the Companies Act and further that there are no instances of material non-compliance to disclose for the period under review and up to the date of this report.

CLOSED PERIODS

The Company complies with the JSE Listings Requirements as far as closed periods are concerned and a policy is adopted to address the procedures in respect of trading in the Company's shares by directors, the company secretary and prescribed officers. Closed periods extend from 31 August and 28 February, being the commencement of interim and year-end reporting dates, up to the date of announcement of the results to the public and include any other period during which the Company is trading under a 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.

Road shows, presentations and formal announcements are all used to communicate with the market and stakeholders. 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 assist in making it successful and we therefore strive to manage these relationships to produce an overall positive impact on society and to make a positive change in the community through improvement and empowerment, and by increasing the esteem of our customers.

Imbalie 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 we strive to maintain our employees' happiness 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 from within the Group and contribute to educational growth opportunities. We strive to make a positive change in our employees' lives which then allows Imbalie to achieve its goals. We strive to make our employees happy by taking the following measures:

LABOUR PRACTICES AND DECENT WORK ENVIRONMENT EMPLOYMENT:

The Group has fewer than 50 employees spread throughout South Africa. All fulltime employees have access to a pension fund and medical aid. Imbalie has partnered with Attooh since 2012 to improve its employee welfare and the pension fund benefits are tailor-made for the business by empowering our staff.

Occupational health and safety:

Imbalie 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 recognises the importance of ongoing development and training of staff. Employees with initiative and a passion for growth and development are granted opportunities by Imbalie funding their studies in return for signing a working agreement for a certain period of time, or alternatively funding the course and making deductions from their salary on a month to month basis. For beauty therapists, nail technicians and franchisees the Group offers continuous training at our in-house training facility based in Woodmead. Imbalie launched its own Training Academy which offers world class modular courses that are ITEC accredited. Our Training Academy is the key to staff retention and empowering staff from within our organisation.

HUMAN RIGHTS

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

COMMUNITY WELFARE

Imbalie launched its Academy in March 2016 and offers world class, modular coursed at affordable prices to the community. The main benefit to the community is by equipping first time employees and seasonal employees with the training, skills and confidence which provides an excellent foundation for future opportunities in the beauty industry.

The Imbalie Group also provides work opportunities by placing the successful student within our salons' workforce. Imbalie invests in the community by making a positive change in the world while working on achieving business goals.

Imbalie invests in the community through the following actions:

Sponsored Pamper Care Packs:

In conjunction with the Alpha Pharm Group and the beauty salons, Imbalie sponsored 700 personal pamper care packs for under-privileged women.

Imbalie Rewards Program and Women's Month:

Annually Imbalie has a marketing drive where gift vouchers are given away to women for salon visits and, during the year, 52 000 gift vouchers were distributed through the Imbalie Beauty Rewards Program.

Imbalie Beauty Training Academy Learnership Program:

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

Skills Training:

Government's Educational Department allows school leavers to exit school in Grade 9, where the student chooses a vocational trade. Imbalie has been successful in providing skills training to these Grade 9 school leavers and, when they pass the skills training, it will gain them entry into tertiary education.

THE ENVIRONMENT

At Imbalie we strive for sustainability by reducing our impact on the environment with focus on a green environment. We strive to create a working environment where our employees focus on recycling, minimising electricity usage and working towards a paperless company.

Materials, services and products:

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

Water:

Each individual is aware of their responsibility in saving water and not to waste this valuable resource. The Imbalie Executive Committee launched a head office campaign to improve overall business acumen, to train everyone by making them aware of their individual electricity-, water- and paper usage. This aides in cost containment and Imbalie's "green" initiative. Imbalie ensures it is compliant in terms of the environment principles as set out by the United Nations Global Compact Principles.

Imbalie will in future endeavour to develop a code of conduct or practice for its operations and products that confirm commitment to care for health and the environment. Imbalie endeavours to work with suppliers to improve environmental performance, extending responsibility up the product chain and down the supply chain and co-operating with industry partners to ensure use of environmentally sound technologies is implemented.

To conclude, Imbalie is aware that social sustainability is an ongoing process and is constantly monitoring and assessing the impact of its business activities on the social and environmental ecosystems, to ensure we reach our business goals.

Contents

Preparer

Tandi Kritsiotis
Fourteen94 Accounting and Business Services (Pty) Ltd

Published

12 October 2020

Annual Financial Statements

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment.

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

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

The directors have reviewed the Group's cash flow forecast and, in light of this review and the current financial position, while management is aware of the cash-flow pressures and significant liquidity uncertainty after year-end, they continue to assess the situation as one whereby the Group is able to service its debts that will become due in the next 12 months and also fund operational losses that may arise. Management has developed and is in the process of a strategy to address the liquidity and cash flow constraints. The ability of the Group to fund short term operations in the foreseeable future is largely dependent on the ability of the directors to arrange for working capital funding through the disposal of the building currently owned. In addition, the Group subsequently received notification from ABSA Bank Limited on 7 October 2020 that its Covid-19 SARB Guaranteed Loan application of R6 million was approved with a condition that the Company delist from the JSE Limited. The majority shareholders of the Company have provided their written irrevocable undertakings to vote in favour of a delisting and shareholders will be communicated hereon in the foreseeable future.

The implementation of the above-mentioned interventions will improve and address the liquidity and the cash flow position of the Group over the next 12 months.

The external auditors are responsible for independently auditing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on pages 27 to 30.

The annual financial statements set out on pages 31 to 84, which have been prepared on the going concern basis, were approved by the board of directors on 12 October 2020 and were signed on their behalf by:

Esna Colyn

Ms E Colyn

Chief Executive Officer

DECLARATION BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge, the Company has complied with all the requirements of the Companies Act and more specifically that all returns and notices as are required by the Companies Act for a public company have been lodged with the Companies and Intellectual Properties Commission and that all such returns and notices are true, correct and up-to-date.

PAIGE ATKINS

Company Secretary

12 October 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Imbalie Beauty Limited and its subsidiaries and the group for the year ended 29 February 2020.

1. Review of financial results and activities

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

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

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Dividends

The board of directors has resolved not to declare a dividend for the financial year ended 29 February 2020 (2019: Rnil).

4. Directorate

The directors of the company are as follows:

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

5. Directors' interests in company shares

The group has no share incentive policy in place.

As at 29 February 2020, the directors of the company held direct and indirect beneficial interests in 39% (2019: 39%) of its issued ordinary shares, as set out below.

	2020	2019
Mr WP van der Merwe	**303 825 312**	303 825 312
Ms E Colyn	**57 000 000**	57 000 000
Mr TJ Schoeman	**77 500**	77 500
Mr GD Harlow	**144 791 667**	144 791 667

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

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

6. Non-current assets

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

7. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the consolidated annual financial statements in notes 8.

8. Borrowing and limitations

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

9. Events after the reporting period

Refer to note 37 for details of subsequent events.

10. Going Concern

The 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.

The group incurred a net loss of R2.1 million for the financial year, and the current liabilities exceed the current assets by R3.9 million as at 29 February 2020, which indicates that a material uncertainty exists regarding the group's ability to continue as a going concern.

The directors have developed and are in the process of implementing a strategy to address the liquidity and cash flow constraints, which includes:

- The Group received notification from ABSA Bank Limited on 7 October 2020 that its Covid-19 SARB Guaranteed Loan application of R6 million was approved with a condition precedent that the Company delist from the Johannesburg Stock Exchange Limited. The majority of shareholders of the Company have provided their written irrevocable undertakings to vote in favour of a delisting of the Company from the Johannesburg Stock Exchange Limited; and
- The Group successfully launched its new Direct Sales Division in August 2020 as well as its Digital Training Academy in October 2020, to generate new revenue for the Group.

The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

11. Auditors

Nexia SAB&T continued in office as auditors for the company and its subsidiaries for 2020.

At the AGM, the shareholders will be requested to reappoint Nexia SAB&T as the independent external auditors of the company and to confirm Mr A Darmalingam as the designated lead audit partner for the 2021 financial year.

12. Secretary

The company secretary is Paige Atkins.

Postal address

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Imbalie Beauty Limited and its subsidiaries

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Imbalie Beauty Limited and its subsidiaries ("the Group") set out on pages 31 to 84, which comprise the consolidated and separate statement of financial position as at 29 February 2020, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Imbalie Beauty Limited and its subsidiaries as at 29 February 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 36 to the consolidated and separate financial statements which indicates that the Group incurred a net loss after taxation of R2.1 million for the year ended 29 February 2020; and as of that date, the Group's current liabilities exceeded its current assets by R3.9 million.

As stated in note 36 to the consolidated and separate financial statements, these events or conditions, along with the other matters as set forth in note 36 to the consolidated and separate financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related 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	How our audit addressed the key audit matter
Impairment of goodwill and intangibles assets with an indefinite useful life (Group)	
Under IFRSs, the Group is required to annually test the goodwill and intangibles assets with an indefinite useful life for impairment. This impairment test was significant to our audit because the carrying amounts of goodwill of R3.5 million (2019: R3.5 million) as disclosed in note 6 and intangible assets with an indefinite useful life of R11.9 million (2019: R11.9 million) as disclosed in note 7 of the consolidated financial statements, are material balances. In addition, management's impairment assessment methodology requires significant judgment which is based on assumptions, specifically relating to the weighted average discount rates relating to the cash generating units, future growth rates, operating margins, and the related impact of COVID-19 on the assessment, which are affected by expected future market economic conditions. Accordingly, the impairment of goodwill and intangible assets with an indefinite useful life is therefore considered to be a matter of most significance in our audit of the consolidated financial statements due to the significant judgments and assumptions made by management in performing the impairment assessment.	We focused our testing of the impairment of goodwill and indefinite useful life intangible assets to 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 factors 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 units to which the goodwill and indefinite useful life intangible assets relate to; • Calculating a discount rate for the cash generating unit using our independently sourced data and incorporated a further risk premium for the impact of COVID-19 as part our testing; • 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 management's projections; • Evaluating the inputs used by management in determining the discount rates against independent sources. We found the assumptions used by management to be appropriate based on historical performance, future outlook and current circumstances. We considered the goodwill and indefinite useful life intangible assets disclosures to be appropriate.
Recoverability of deferred tax assets (Group)	
The Group recognised R22.9 million (2019: R23.9 million) of deferred taxation assets as disclosed in note 10 to the consolidated financial statements. Where there is objective evidence that the Group would be able to recover the income tax losses against future taxable income, a deferred tax asset has been recognised in the Group's consolidated financial statements. The recoverability of the deferred tax asset is based on taxable income forecasts. There are a number of key judgements made in determining the inputs into these models which include; Revenue growth and Operating margins. Accordingly, the recoverability of the deferred tax is considered to be a matter of most significance in our audit of the consolidated financial statements due to the significant judgments and assumptions made by management in performing the assessment.	Our audit procedures included the evaluation of the key judgements and estimates used in management's determination of the future taxable income against which the tax losses can be utilised. Our procedures included: • Recalculating the tax losses to confirm the accuracy thereof in accordance with the Income Tax Act; • Analysing the future projected taxable income used in the models to determine whether they are reasonable and supportable given the current economic climate; • Comparing the projected taxable income, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reasonableness of management's projections; and • Comparison of projected future taxable income against incurred tax losses to confirm the extent to which they are recoverable. We found the assumptions used by management to be appropriate based on historical performance, future outlook and current circumstances.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Imbalie Beauty Limited Integrated Annual Report 2020" which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the 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.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Imbalie Beauty Limited for 10 years.

Nexia SAB&T
Director – A Darmalingam
Registered Auditor

12 October 2020

119 Witch-Hazel Avenue
Highveld Technopark
Centurion

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 29 FEBRUARY 2020

Figures in Rand	Note	Group 2020	Group 2019	Company 2020	Company 2019
Assets					
Non-Current Assets					
Property, plant and equipment	4	1 420 621	16 142 642	-	-
Right-of-use assets	5	289 886	-	-	-
Goodwill	6	3 559 644	3 559 644	-	-
Intangible assets	7	15 669 123	13 905 115	21 673	31 788
Investment in subsidiary	8	-	-	11 163 951	11 163 951
Other financial assets	9	-	476 263	-	-
Deferred tax	10	22 974 873	23 985 296	898 081	1 279 738
		43 914 147	**58 068 960**	**12 083 705**	**12 475 477**
Current Assets					
Inventories	11	5 509 616	5 900 871	-	-
Loans to group companies	12	-	-	7 396 414	5 873 037
Other financial assets	9	66 330	713 759	-	-
Trade and other receivables	13	4 233 253	7 389 316	-	100 000
Cash and cash equivalents	14	46 863	130 736	2 369	19 341
		9 856 062	**14 134 682**	**7 398 783**	**5 992 378**
Assets of disposal groups	15	13 548 937	-	-	-
Total Assets		**67 319 146**	**72 203 642**	**19 482 488**	**18 467 855**
Equity and Liabilities					
Equity					
Share capital	16	113 732 451	113 732 451	113 732 451	113 732 451
Reserves		595 414	1 033 854	-	-
Accumulated loss		(75 040 740)	(72 871 272)	(94 305 963)	(95 274 596)
		39 287 125	**41 895 033**	**19 426 488**	**18 457 855**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	18	143 331	7 807 631	-	-
Deferred tax	10	-	478 727	-	-
		143 331	**8 286 358**	**-**	**-**
Current Liabilities					
Trade and other payables	19	9 100 457	10 262 518	56 000	10 000
Other financial liabilities	18	334 784	7 583 371	-	-
Lease liabilities	5	315 741	-	-	-
Operating lease liability		-	239 746	-	-
Bank overdraft	14	4 020 711	3 936 616	-	-
		13 771 693	**22 022 251**	**56 000**	**10 000**
Liabilities of disposal groups	15	14 116 997	-	-	-
Total Liabilities		**28 032 021**	**30 308 609**	**56 000**	**10 000**
Total Equity and Liabilities		**67 319 146**	**72 203 642**	**19 482 488**	**18 467 855**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 29 FEBRUARY 2020

		Group		Company	
Figures in Rand	Note	**2020**	2019	**2020**	2019
Revenue	20	33 577 828	41 809 098	1 920 000	1 920 000
Cost of sales		(10 182 926)	(16 097 904)	-	-
Gross profit		**23 394 902**	**25 711 194**	**1 920 000**	**1 920 000**
Other operating income and gains	21	2 526 503	2 822 472	-	-
Other operating expenses		(25 544 504)	(31 204 802)	(569 722)	(390 500)
Operating profit (loss)	22	**376 901**	**(2 671 136)**	**1 350 278**	**1 529 500**
Investment income	23	62 004	117 190	13	13
Finance costs	24	(1 934 800)	(2 396 851)	-	-
(Loss) profit before taxation		**(1 495 895)**	**(4 950 797)**	**1 350 291**	**1 529 513**
Taxation	25	(673 573)	1 654 967	(381 658)	(426 135)
(Loss) profit for the year		**(2 169 468)**	**(3 295 830)**	**968 633**	**1 103 378**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
(Losses) gains on property revaluation		(565 000)	300 000	-	-
Income tax relating to items that will not be reclassified		126 560	(77 392)	-	-
Total items that will not be reclassified to profit or loss		**(438 440)**	**222 608**	**-**	**-**
Other comprehensive income for the year net of taxation		**(438 440)**	**222 608**	**-**	**-**
Total comprehensive (loss) income for the year		**(2 607 908)**	**(3 073 222)**	**968 633**	**1 103 378**
Basic and diluted earnings per share					
Basic and diluted earnings per share (c)	26	(0.16)	(0.24)	0.07	0.08

STATEMENT OF CHANGES IN EQUITY

AS AT 29 FEBRUARY 2020

Figures in Rand	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	Total equity
Group						
Balance at 01 March 2018	52 101 531	58 314 439	110 415 970	811 246	(69 575 442)	41 651 774
Loss for the year	-	-	-	-	(3 295 830)	(3 295 830)
Other comprehensive income	-	-	-	222 608	-	222 608
Total comprehensive Loss for the year	-	-	-	222 608	(3 295 830)	(3 073 222)
Issue of shares	17 832	3 298 649	3 316 481	-	-	3 316 481
Balance at 01 March 2019	52 119 363	61 613 088	113 732 451	1 033 854	(72 871 272)	41 895 033
Loss for the year	-	-	-	-	(2 169 468)	(2 169 468)
Other comprehensive loss	-	-	-	(438 440)	-	(438 440)
Total comprehensive Loss for the year	-	-	-	(438 440)	(2 169 468)	(2 607 908)
Balance at 29 February 2020	52 119 363	61 613 088	113 732 451	595 414	(75 040 740)	39 287 125
Note(s)	16	16	16	17		

Figures in Rand	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	Total equity
Company						
Balance at 01 March 2018	52 101 531	58 314 439	110 415 970	-	(96 377 974)	14 037 996
Profit for the year	-	-	-	-	1 103 378	1 103 378
Total comprehensive income for the year	-	-	-	-	1 103 378	1 103 378
Issue of shares	17 832	3 298 649	3 316 481	-	-	3 316 481
Balance at 01 March 2019	52 119 363	61 613 088	113 732 451	-	(95 274 596)	18 457 855
Profit for the year	-	-	-	-	968 633	968 633
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	968 633	968 633
Balance at 29 February 2020	52 119 363	61 613 088	113 732 451	-	(94 305 963)	19 426 488
Note(s)	16	16	16	17		

STATEMENT OF CASH FLOWS
AS AT 29 FEBRUARY 2020

		Group		Company	
Figures in Rand	Note	**2020**	2019	**2020**	2019
Cash flows from operating activities					
Cash generated from operations	27	2 994 276	2 534 492	1 506 392	1 449 614
Interest income		62 004	117 190	13	13
Finance costs		(1 934 800)	(2 396 851)	-	-
Net cash from operating activities		**1 121 480**	**254 831**	**1 506 405**	**1 449 627**
Cash flows from investing activities					
Purchase of property, plant and equipment		(72 719)	(18 974)	-	-
Proceeds on disposal of property, plant and equipment		197 510	58 555	-	-
Purchase of intangible assets		(565 163)	(9 984)	-	-
Loans advanced to group companies		-	-	(1 523 377)	(5 873 036)
Proceeds from other financial assets		513 236	392 506	-	-
Advance of other financial assets		-	(397 064)	-	-
Net cash from investing activities		**72 864**	**25 039**	**(1 523 377)**	**(5 873 036)**
Cash flows from financing activities					
Proceeds on share issue	16	-	3 316 481	-	3 316 481
Repayment of other financial liabilities	29	(1 301 653)	(5 439 567)	-	-
Receipt of other financial liabilities	29	300 000	2 000 000	-	-
Payment on lease liabilities	29	(360 659)	-	-	-
Net cash from financing activities		**(1 362 312)**	**(123 086)**	**-**	**3 316 481**
Total cash movement for the year		**(167 968)**	**156 784**	**(16 972)**	**(1 106 928)**
Cash at the beginning of the year		(3 805 880)	(3 962 664)	19 341	1 126 269
Total cash at end of the year	14	**(3 973 848)**	**(3 805 880)**	**2 369**	**19 341**

ACCOUNTING POLICIES

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations issued and effective at the time of preparing these consolidated annual financial statements, the JSE Listings Requirements and the Companies Act of South Africa.

The consolidated annual financial statements have been prepared on the historic cost convention and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company’s functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Consolidation Basis of consolidation

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

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

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 inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries in the separate financial statements

In the company’s separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non- current Assets Held for Sale and Discontinued Operations.

Goodwill

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non- controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

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. Refer note 10 for further details.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to credit risk management included in financial instruments note 34.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Fair value estimation

Land and buildings owned by the group are measured at fair value. An independent valuation is obtained to assess the fair value. Information about the specific techniques and inputs is disclosed in note 15.

Impairment of non-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 by performing value in use and fair value calculations, or otherwise the recoverable amount of the cash-generating unit to which the asset belongs. Details of these assumptions have been applied in the relevant accounting policies and notes to the annual financial statements.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use and which are expected to be used for more than one year.

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 group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

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

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

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Any increase in an asset’s carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve 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.

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset’s carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset’s economic benefits are consumed by the group. Leasehold improvement assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

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

1.4 Property, plant and equipment (continued)

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

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

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

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

1.5 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

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

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

1.5 Intangible assets (continued)

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

Item	Amortisation method	Average useful life
Website costs	Straight line	10 years
Trademarks and franchise agreements	Straight line	Indefinite
Development costs	Straight line	10 years
Computer software	Straight line	3-5 years

1.6 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Note 34 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Financial assets at amortised cost

Classification

Trade and other receivables, excluding VAT and prepayments (note 13), loans to group companies (note 12), other financial assets (note 9) and financial assets included under disposal groups (note 15) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans and receivables give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans and receivables.

Recognition and measurement

Loans and receivables are recognised when the group becomes a party to the contractual provisions of the loan and receivable. The loans and receivables are measured, at initial recognition, at fair value plus transaction costs, if any. A trade receivable without a significant financing component is initially measured at the transaction price.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan and receivable initially, minus principal repayments, plus cumulative amortisation (interest) when applicable using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated, where applicable, using the effective interest method, and is included in profit or loss in investment income (note 23).

The application of the effective interest method to calculate interest income on a receivable is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

1.6 Financial instruments (continued)

- If a receivable is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Receivables denominated in foreign currencies

When a loan and receivable is denominated in a foreign currency, the carrying amount of the receivable is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 34).

Impairment

The group recognises a loss allowance for expected credit losses on all loans, other financial assets and receivables measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan or other financial asset has not increased significantly since initial recognition, then the loss allowance for that loan or other financial asset is measured at 12 month expected credit losses (12 month ECL).

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of the financial asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on the financial asset that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a financial asset being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk on loans and other financial assets

In assessing whether the credit risk on a loan or other financial asset has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan or other financial asset as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate as well as consideration of various external sources of actual and forecast economic information.

1.6 Financial instruments (continued)

Irrespective of the outcome of the above assessment, the credit risk on a loan or other financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan or other financial asset is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan or other financial asset has not increased significantly since initial recognition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the group considers that a default event has occurred if there is either a breach of the franchise agreement or the terms offered to the counterparty.

Irrespective of the above analysis, the group considers that default has occurred when a receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

An impairment gain or loss is recognised for all loans, other financial assets and receivables in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 22).

Refer to credit risk management included in note 34 for further details.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Financial liabilities at amortised cost

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, bank overdrafts (note 14) and other financial liabilities (note 18) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Financial liabilities are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

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

1.6 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 24).

Financial liabilities expose the group to liquidity risk and possibly to interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

Liabilities denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note 34.

Financial liabilities at fair value through profit or loss

Financial liabilities which are included under disposal groups are classified as financial liabilities mandatorily at fair value through profit or loss. Fair value gains or losses recognised on financial liabilities at fair value through profit or loss are included in other non-operating gains (losses). Refer to note 15.

Bank overdrafts

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

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.6 Financial instruments (continued)

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

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

Tax expenses

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

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

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

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

1.8 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 22) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the group is a lessee are presented in note 5 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments. The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 24).

Right-of-use assets

Lease payments included in the measurement of the right-of-use asset comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

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

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

Leases (Comparatives under IAS 17)

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.

1.8 Leases (continued)

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 or asset. This asset or liability is not discounted.

1.9 Inventories

Inventories consist of stock on hand and salons held for sale in the ordinary course of business. Inventories are measured at the lower of cost and net realisable value.

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

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

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

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

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

1.10 Non-current assets and disposal groups held for sale

Non-current assets and disposal groups 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 or disposal group 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 or disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.11 Impairment of non-financial assets

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

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

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

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

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

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

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

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments before aggregation.

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. If goodwill is assessed to be impaired, that impairment is not subsequently reversed. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Share capital and equity

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

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

1.13 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.14 Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.15 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sales of beauty products and treatments - retail and wholesale
- Royalty fees from franchise agreements
- Administration services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The consideration specified in the contract is the same as the transaction price. Revenue is recognised when the performance obligation relating to each specific contract has been satisfied. There are no performance obligations outstanding at year end.

Sale of beauty products and treatments

The group sells beauty products and treatments directly to customers both through sales to its franchise retail outlets, own salons and through sales to external retail stores. For sales of products, the performance obligation is met and revenue recognised when control of the goods has transferred, being at the point the customer takes delivery of the product. For sales of treatments, the performance obligation is met and revenue recognised at the point in time that the customer receives the treatment service. Payment of sales and treatments through own salons is due immediately at the point the customer purchases the products and treatments. No financing element is recognised at the point of sale. A receivable is recognised for account holding franchises and external retail stores. Standard terms offered to account holders is 30 days from statement date. There is a standard returns policy in terms of the Consumer Protection Act.

1.15 Revenue from contracts with customers (continued)

Royalties

The group provides licence services to franchisees for the utlisation of the brands held by the group. Revenue relating to the royalty is recognised over time. The group charges royalties in terms of the franchise agreements for the use of these licences, which is based on a percentage of franchisee turnover for the month. The performance obligation is met, and the transaction price allocated to these services is recognised, monthly as the franchisee receives and uses the licence and its related benefits simultaneously, which is considered a faithful depiction of the transfer of services. Payments by franchisees are typically made within 30 days of statement date.

Administration fees

The holding company provides administration services to Placecol Fresh Beauty (Pty) Ltd. The performance obligation is met and the revenue recognised as the services are provided over time throughout the year. The transaction price is agreed annually between the companies in accordance with the services provided.

1.16 Other income

Other income is measured at the fair value of the consideration received or receivable. Included in other amounts receivable for income earned on the distribution of third party products to the salon footprint. The performance obligation is met and the group entitled to the revenue once the third party has been paid for their products.

1.17 Investment income

Income is recognised as interest accrues using the effective interest rate method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset).

1.18 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Rand which is the group functional and presentation currency.

Foreign currency transactions

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

At the end of the reporting period foreign currency monetary items are translated using the closing rate.

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 consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

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

1.19 Earnings per share and headline earnings per share

The group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss 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 or loss 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 Circular 1/2019.

1.20 Segmental reporting

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

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

2. Changes in accounting policy

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 March 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of- use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the group's consolidated annual financial statements is described below.

The group has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead. No cumulative adjustment to retained earnings was required to be recognised at 1 March 2019.

2. Changes in accounting policy (continued)

Leases where group is lessee

Leases previously classified as operating leases

The group undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

As an exception to the above, no adjustments were made on initial application of IFRS 16 for leases previously classified as operating leases for which the underlying asset is low value. From the date of initial application, these leases are accounted for in accordance with paragraph 6 of IFRS 16 by recognising the lease payments on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed.

The group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- leases which were expiring within 12 months of 01 March 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- hindsight was applied where appropriate.

Impact on financial statements

On transition to IFRS 16, the group recognised an additional R676 400 of right-of-use assets and R676 400 of lease liabilities. This had no impact on retained earnings at 01 March 2019.

When measuring lease liabilities, the group discounted lease payments using a commercial borrowing rate at 01 March 2019. The rate applied is 13.25%.

Reconciliation of previous operating lease commitments to lease liabilities under IFRS 16	**01 March 2019**
Operating lease commitment at 28 February 2019	1 964 858
Discounted using the incremental borrowing rate at 01 March 2019	(131 459)
Less recognition exemption for: Short term leases	(806 457)
Leases of low value assets	(350 542)
Lease liabilities recognised at 01 March 2019	**676 400**

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• **Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle**	01 January 2019	The impact of the amendments was not material.
• **Uncertainty over Income Tax Treatments**	01 January 2019	The impact of the amendments was not material.
• **IFRS 16 Leases**	01 January 2019	The impact of the standard is set out in note 2 Changes in accounting policy.

3. New Standards and Interpretations (continued)

3.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2020 or later periods:

Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37

The amendment defines the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts.

The effective date of the amendment is for years beginning on or after 01 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated annual financial statements.

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

Property, Plant and Equipment - Proceeds before Intended Use - Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the amendment is for years beginning on or after 01 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated annual financial statements.

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

Annual Improvement to IFRS Standards 2018-2020 - Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the amendment is for years beginning on or after 01 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated annual financial statements.

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

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

3. New Standards and Interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated annual financial statements.

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

Covid - 19 - Related Rent Concessions - Amendment to IFRS 16

The covid-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this election is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for if it were not a lease modification. This practical expedient only applies to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceeding the change;
- any reduction in lease payment affects only payments originally due on or before 30 June 2021 and
- there is no substantive change to other terms and conditions of the lease.

The effective date of the amendment is for years beginning on or after 01 June 2020.

The group expects to adopt the amendment for the first time in the 2022 consolidated annual financial statements.

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

Definition of a Business - Amendments to IFRS 3

The amendment:

- confirmed that a business must include inputs and a processes, and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs.
- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group expects to adopt the amendment for the first time in the 2021 consolidated annual financial statements.

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

IAS 1 Presentation of Financial Statements: Disclosure initiative

The amendment clarifies and aligns the definition of 'material' and provides guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group expects to adopt the amendment for the first time in the 2021 consolidated annual financial statements.

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

3. New Standards and Interpretations (continued)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative

The amendment clarifies and aligns the definition of 'material' and provides guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group expects to adopt the amendment for the first time in the 2021 consolidated annual financial statements.

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

4. Property, plant and equipment

Group	2020 Cost or revaluation	2020 Accumulated depreciation	2020 Carrying value	2019 Cost or revaluation	2019 Accumulated depreciation	2019 Carrying value
Land and buildings	-	-	-	14 800 000	(488 333)	14 311 667
Furniture and fixtures	187 918	(155 966)	31 952	933 770	(813 282)	120 488
Motor vehicles	456 465	(223 995)	232 470	476 404	(428 736)	47 668
Office equipment	74 263	(62 136)	12 127	721 333	(702 605)	18 728
IT equipment	578 103	(568 573)	9 530	1 217 308	(1 187 466)	29 842
Leasehold improvements	1 839 631	(929 571)	910 060	1 848 892	(650 179)	1 198 713
Beauty equipment	1 373 496	(1 149 014)	224 482	2 292 154	(1 876 618)	415 536
Total	**4 509 876**	**(3 089 255)**	**1 420 621**	**22 289 861**	**(6 147 219)**	**16 142 642**

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Disposals	Reclassified to disposal group	Revaluations	Depreciation	Carrying value
Land and buildings	14 311 667	-	-	(13 500 000)	(565 000)	(246 667)	-
Furniture and fixtures	120 488	-	(59 201)	-	-	(29 335)	31 952
Motor vehicles	47 668	209 498	-	-	-	(24 696)	232 470
Office equipment	18 728	-	-	-	-	(6 601)	12 127
IT equipment	29 842	-	-	-	-	(20 312)	9 530
Leasehold improvements	1 198 713	-	-	-	-	(288 653)	910 060
Beauty equipment	415 536	48 627	-	-	-	(239 681)	224 482
	16 142 642	**258 125**	**(59 201)**	**(13 500 000)**	**(565 000)**	**(855 945)**	**1 420 621**

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Disposals	Reclassified to disposal group	Reversal of revaluations	Depreciation	Carrying value
Land and buildings	14 258 333	-	-	-	300 000	(246 666)	14 311 667
Furniture and fixtures	154 327	18 974	(4 131)	-	-	(48 682)	120 488
Motor vehicles	93 415	-	(22 140)	-	-	(23 607)	47 668
Office equipment	30 543	-	(4 518)	-	-	(7 297)	18 728
IT equipment	110 830	-	-	-	-	(80 988)	29 842
Leasehold improvements	1 486 578	-	-	-	-	(287 865)	1 198 713
Beauty equipment	586 213	-	-	-	-	(170 677)	415 536
	16 720 239	**18 974**	**(30 789)**	**-**	**300 000**	**(865 782)**	**16 142 642**

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings (note 18):

	Group		Company	
	2020	2019	**2020**	2019
Land and buildings 1st Mortgage bond in favour of ABSA Bank Limited over building on Erven 773 and 774 Woodmead Ext 22. Cession of revenues generated by the property include any insurance proceeds.	-	14 311 667	-	-
Leasehold improvements	910 060	1 198 714	-	-
Motor vehicles	209 498	47 668	-	-
IT equipment	-	29 842	-	-

Refer to note 15 for details of the land and buildings included in disposal groups that have been encumbered as security.

4. Property, plant and equipment (continued)

Revaluations

Revaluations were performed by an independent valuer, Mr A Steyn of Alfa Valuations, who was independent from the group on 28 February 2019. The income approach was adopted in the valuation process. Unobservable valuation inputs included: anticipated gross market rental of R110/m2, estimated annual operating expenditure for the property in order to realise the rental income, net annual income and a capitalisation rate of 10.5%.

For the 2019 financial year, had land and buildings been carried on the cost model, the carrying amount would have been R13 151 550.

	Group		Company	
	2020	2019	**2020**	2019
Refer note 35 for fair value hierarchy.				
Details of the property				
Building on Erven 773 and 774 Woodmead Ext 22				
- Purchase price: 28 February 2017	-	13 383 850	-	-
- Revaluations	-	1 416 150	-	-
- Accumulated depreciation	-	(488 333)	-	-
	-	**14 311 667**	**-**	**-**

Refer to note 15 for details of the property included in disposal groups at 29 February 2020.

5. Right-of-use assets and lease liabilities

The group leases premises which had a lease term of 3 years of which there are 9 months remaining. The monthly repayments are R39,731 and the interest rate is 13%.

There are no restrictions or covenants imposed by the lease and no arrangements have been entered into for contingent rent There are no leases to which the group was committed to at 29 February 2020 which have not yet commenced.

Short term leases and leases of low value assets relate to premises and equipment.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

Reconciliation of right-of-use assets - Group - 2020

	Opening balance	Recognised on adoption of IFRS 16	Depreciation	Carrying value
Premises	-	676 400	(386 514)	289 886
	-	**676 400**	**(386 514)**	**289 886**

	Group		Company	
	2020	2019	**2020**	2019
Other disclosures				
Interest expense on lease liabilities	89 623	-	-	-
Expenses on short term leases included in operating expenses	2 269 489	-	-	-
Leases of low value assets included in operating expenses	866 198	-	-	-
Total cash outflow from leases	3 496 346	-	-	-
At 29 February 2020, the group is committed to R500 789 (2019: R 806 457) for short-term leases.				
Lease liabilities				
The maturity analysis of lease liabilities is as follows:				
Within one year	315 741	-		
Current liabilities	315 741	-		

Covid-19 related rent concessions

Future rental concessions totalling R47 473 were received as a result of Covid-19. The group has elected to apply the practical expedient made available by the amendment to IFRS 16 in May 2020, to all rent concessions that meet the conditions in paragraph 46B. The group has accordingly elected not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. As a result, all changes in lease payments have been accounted for in the same way as other changes which are not lease modifications, and will be recognised in profit or loss in the 2021 financial year.

6. Goodwill

Group	2020			2019		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	6 808 807	(3 249 163)	3 559 644	6 808 807	(3 249 163)	3 559 644

Reconciliation of goodwill - Group - 2020

	Opening balance	Total
Goodwill	3 559 644	3 559 644

Reconciliation of goodwill - Group - 2019

	Opening balance	Total
Goodwill	3 559 644	3 559 644

Impairment assessment of goodwill

The recoverable amounts of the two cash-generating units ("CGUs") included in goodwill are determined from value-in-use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments and the risks specific to the CGUs. The growth rates are based on historical and future industry growth forecasts.

The remaining carrying value of goodwill relates to Placecol Fresh Beauty (Pty) Ltd. The key assumptions used in the future cash flows of the two CGU's are highlighted below:

Placecol Fresh Beauty (Pty) Ltd

Key assumptions used in value-in-use calculations include budgeted retail product margins and budgeted franchise revenue streams flowing to Placecol Fresh Beauty (Pty) Ltd. The assumptions are based on historical results for the Placecol brand as well as the individual branded salons adjusted for the anticipated future growth rate of 5% (2019: 5% - 6%) per annum over the next 5 years, which is the average growth factor per management's judgement and at a discount rate of between 19.95% and 21.35% (2019: 17%). The assumptions above are a reflection of management's past experience in the market in which these units operate as well as anticipated market adjustments to reflect the continued stressed macroeconomic realities affecting the industry. No impairment was identified related to the Placecol Fresh Beauty (Pty) Ltd cash-generating unit. The impairment calculation was tested for sensitivity at the lower estimated values of the variables applied, as well as in respect of forecast revenue, to significant changes in the key assumptions. The sensitivity analysis did not result in any further impairment of the Placecol Fresh Beauty (Pty) Ltd cash-generating unit.

Dream Nails Beauty (Pty) Ltd

The goodwill related to the Dream Nails Beauty (Pty) Ltd cash-generating unit was fully impaired in the 2018 financial year.

7. Intangible assets

Group	2020			2019		
	Cost/ Valuation	Accumulated amortisation and impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and impairment	Carrying value
Trademarks and franchise agreements	14 340 000	(2 468 082)	11 871 918	14 340 000	(2 468 082)	11 871 918
Computer software	80 886	(80 886)	-	260 180	(246 861)	13 319
Website costs	585 600	(45 765)	539 835	1 219 236	(891 819)	327 417
Development costs	8 454 643	(5 197 273)	3 257 370	7 889 479	(6 197 018)	1 692 461
Total	**23 461 129**	**(7 792 006)**	**15 669 123**	**23 708 895**	**(9 803 780)**	**13 905 115**

Company	2020			2019		
	Cost/ Valuation	Accumulated amortisation and impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and impairment	Carrying value
Website costs	101 145	(79 472)	21 673	101 145	(69 357)	31 788

Reconciliation of intangible assets - Group - 2020

	Opening balance	Additions	Amortisation	Impairment reversal	Total
Trademarks and franchise agreements	11 871 918	-	-	-	11 871 918
Computer software	13 319	-	(13 319)	-	-
Website costs	327 417	-	(31 021)	243 439	539 835
Development costs	1 692 461	565 163	(215 599)	1 215 345	3 257 370
	13 905 115	**565 163**	**(259 939)**	**1 458 784**	**15 669 123**

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Amortisation	Total
Trademarks and franchise agreements	11 871 918	-	-	11 871 918
Computer software	48 183	-	(34 864)	13 319
Website costs	376 139	-	(48 722)	327 417
Development costs	2 016 016	9 984	(333 539)	1 692 461
	14 312 256	**9 984**	**(417 125)**	**13 905 115**

Reconciliation of intangible assets - Company - 2020

	Opening balance	Amortisation	Total
Website costs	31 788	(10 115)	21 673

Reconciliation of intangible assets - Company - 2019

	Opening balance	Amortisation	Total
Website costs	41 902	(10 114)	31 788

7. Intangible assets (continued)

Other information

Impairment assessment of intangible assets

The group continues to operate in an environment of financial constraints due to the current macroeconomic conditions experienced in South Africa. Management assessed again in the current year for indicators of impairment related to both indefinite and definite useful life intangible assets as a result of this environment. An independent valuation of the fair value of the intangible assets was performed at year end. The basis of the assessment of the fair value was the price at which such assets might fetch on a sale on the open market, less costs to sell, on the assumption that both parties to the transaction are equally willing and knowledgeable bidders and under no obligation to buy or to sell. Based on this valuation, an impairment reversal was recognised in the current year.

In the prior year the impairment assessment was based on the recoverable amounts of the cash generating units ("CGUs") related to intangible assets as determined from value-in-use calculations. The key assumptions for the value-in-use calculations were those regarding the discount rates, growth rates, expected changes to selling prices and direct costs. Management estimated discount rates using pre-tax rates that reflect current market assessments and the risks specific to the CGUs. The growth rates were based on historical and future industry growth forecasts. Changes in selling prices and direct costs were based on historical information and expectations of future changes in the market. The impairment test was done at prior year end using the discounted cash flow method over a period of 5 years. Revenue growth was calculated at 1% - 4% and expenses at a growth rate of 4.5%, over a discount rate of 17%. Management made use of a valuator in the current year in order to obtain an independent valuation.

Refer note 35 for fair value hierarchy.

The key assumptions used in the current year valuation are highlighted below:

Impairment assessment of intangible assets with an indefinite useful life

Franchise agreements with an indefinite useful life relate to the Perfect 10 franchise salon brand, which is 17 years old. The Income Approach was considered the most appropriate for the valuation of the brand. This approach requires revenues derived from the franchise agreements to be discounted back to the present date, generating a net present value. The forecast used for the valuation took into account a sales growth rate of 5%, anticipated changes in salons and expected new independent salons. The salon brand experienced closures of salons during the year due to the tough economic environment, which resulted in reduced current and predicted future revenue.

Impairment assessment of intangible assets with a finite useful life

Definite useful life assets consists of development costs related to products, website costs and salon brands.

Management assessed the recoverability of products under development. There were no further indicators of impairment for development costs based on the sales of the new products launched. There were no indicators of impairment on the website costs based on the increased market shift towards online shopping.

The Placecol skin care brand has been in existence for 40 years. It is a very strong and recognised brand in the industry. It is expected that the brand will have a long-term useful life. For purposes of the valuation, an estimated useful life of 20 years has been placed on the Placecol brand as an intangible asset. Skinderm, which was launched fairly recently, is not yet a strong and recognised brand in the industry. For purposes of the valuation, an estimated useful life of 5 years was placed on the brand. The Relief from Royalty approach was considered the most appropriate for the valuation of the Placecol and Skinderm Brands. The Relief from Royalty approach requires pre-tax royalty benefit to be discounted back to the present date, generating a net present value for the brand. The pre-tax average royalty rate of 13,44% applied in the calculation of the brand valuations was based on royalty rates from similar international market comparables.

Discount rates of 19.95% to 21.35% were applied to the forecasted cash flows.

8. Investments in subsidiaries

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Company

Name of company	% Voting power 2020	% Voting power 2019	% Holding 2020	% Holding 2019	Carrying amount 2020	Carrying amount 2019
Placecol Fresh Beauty (Pty) Ltd	100.00 %	100.00 %	100.00 %	100.00 %	11 163 951	11 163 951
Dream Nails Beauty (Pty) Ltd	100.00 %	100.00 %	100.00 %	100.00 %		
Placecol Skin Care (Pty) Ltd	100.00 %	100.00 %	100.00 %	100.00 %		
Enjoy Beauty (Pty) Ltd	100.00 %	100.00 %	100.00 %	100.00 %		
Imbalie Innovvation (Pty) Ltd	- %	100.00 %	- %	100.00 %		
Imbalie Beauty Training Academy (Pty) Ltd	100.00 %	100.00 %	100.00 %	100.00 %		
Held for sale						
Imbalie Innovvation (Pty) Ltd	100.00 %	- %	100.00 %	- %		
					11 163 951	11 163 951

Profit (loss) after taxation of subsidiaries before group eliminations

	2020	2019
Placecol Fresh Beauty (Pty) Ltd	**(2 374 206)**	(4 924 517)
Dream Nails Beauty (Pty) Ltd	**(410 933)**	765 177
Placecol Skin Care (Pty) Ltd	**1 240 624**	(407)
Enjoy Beauty (Pty)Ltd	**(1 812 354)**	78 690
Imbalie Innovvation (Pty) Ltd	**(903 775)**	299 612
Imbalie Beauty Traning Academy (Pty) Ltd	**5 469**	(128 241)

Subsidiaries pledged as security

At 29 February 2020 and up to the date of the report Imbalie Innovvation (Pty) Ltd has been pledged as security for a bridging loan (refer notes 18&15).

Restrictions relating to subsidiaries

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

Impairments

It is management's policy to review each investment annually for impairment by assessing the carrying value of the investment against the fair value, less costs to sell and the value-in-use. The carrying amounts of subsidiaries are shown net of impairment losses. No impairment was identified during the current or prior year.

Disposal of subsidiary

Refer to note 15 for details of the intended disposal of Imbalie Innovvation (Pty) Ltd.

9. Other financial assets

Other financial assets are presented at amortised cost, which is net of loss allowance, as follows:

	Group		Company	
	2020	2019	**2020**	2019
Franchise establishment loans	66 330	1 115 973	-	-
These loans bear interest at prime as established by ABSA Bank Limited (2019: prime rate) and are unsecured. The loan is repayable over a remaining period of 10 months in equal installments of R6 956 (2019: repayment terms facility specific between 1 and 5 years).				
Loans made to franchisees for beauty equipment	-	74 049	-	-
These loans were unsecured and incurred interest at an average rate of 14.25% and were repayable in 36 monthly installments of R4 662.				
	66 330	**1 190 022**	**-**	**-**
Split between non-current and current portions				
Non-current assets	-	476 263	-	-
Current assets	66 330	713 759	-	-
	66 330	**1 190 022**	**-**	**-**

Exposure to credit risk

Refer to note 34 for details of credit risk.

Reconciliation of loss allowances

The following tables show the movement in the loss allowances for other financial assets. The movement in the gross carrying amounts of the loans are also presented in order to assist in the explanation of movements in the loss allowance.

	Group 2020	Group 2019	Company 2020	Company 2019
Loss allowance measured at lifetime ECL				
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	-	1 430 732	-	-
Adjustments upon application of IFRS 9	-	-	-	-
Opening balance in accordance with IFRS 9	**152 116**	**1 430 732**	**-**	**-**
Bad debt written off	(152 116)	(966 926)	-	-
Reversal of impairment	-	(311 690)	-	-
Closing balance	**-**	**152 116**	**-**	**-**

9. Other financial assets (continued)

The significant changes in the gross carrying amount are explained below:

	Group		Company	
	2020	2019	**2020**	2019
Gross carrying amount at beginning of reporting period	1 342 138	2 616 196	-	-
Loans advanced	-	397 064	-	-
Bad debt written off	(762 572)	(1 278 616)	-	-
Repayment of loans	(513 236)	(392 506)	-	-
Gross carrying amount at end of reporting period	**66 330**	**1 342 138**	**-**	**-**

Fair value of loans receivable

The fair value of other financial assets approximates their carrying amounts due to the short term nature thereof and bearing interest at a variable linked rate.

10. Deferred tax

Deferred tax liability				
Capital allowances	(28 393)	(156 537)	(3 330)	(4 746)
Leases - straight-lining	-	(67 258)	-	-
Revaluation of land and buildings	(25 571)	(369 946)	-	-
Total deferred tax liability	**(53 964)**	**(593 741)**	**(3 330)**	**(4 746)**
Deferred tax asset				
Leave pay	60 839	71 621	-	-
Allowance for impairments	389 194	499 646	-	-
Provisions	41 067	-	-	-
Right-of-use assets and lease liabilities	8 591	-	-	-
Income received in advance	11 444	-	-	-
Deferred tax balance from temporary differences other than unused tax losses	511 135	571 267	-	-
Tax losses available for set off against future taxable income	22 502 387	23 529 043	901 410	1 284 484
Total deferred tax asset	**23 013 522**	**24 100 310**	**901 410**	**1 284 484**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position at an entity level as follows:

Deferred tax liability	-	(478 727)	(3 330)	(4 746)
Deferred tax asset	22 974 873	23 985 296	901 410	1 284 484
Deferred tax liability included in disposal group	(15 315)	-	-	-
Total net deferred tax asset	**22 959 558**	**23 506 569**	**898 080**	**1 279 738**

10. Deferred tax (continued)

	Group		Company	
	2020	2019	**2020**	2019
Reconciliation of deferred tax asset / (liability)				
At beginning of year	23 506 569	21 958 897	1 279 738	1 705 874
Increase (decrease) in tax loss available for set off against future taxable income	(1 026 656)	2 214 278	(380 242)	(429 680)
Taxable temporary difference on capital allowances	128 144	(51 817)	-	-
Deductible temporary difference movement on allowance for impairments	(110 452)	(486 891)	-	-
Taxable temporary difference movement on revaluation of land and buildings	344 375	(65 042)	-	-
Other taxable (deductible) temporary differences	117 578	(62 856)	(1 416)	3 544
	22 959 558	**23 506 569**	**898 080**	**1 279 738**

Recognition of deferred tax asset

The directors assessed the deferred tax assets per individual subsidiary based on future forecasts. A deferred tax asset was not recognised for subsidiaries where it is uncertain that the tax losses will be able to be utilised for future set off against taxable income. A deferred tax asset was recognised for the holding company and subsidiaries that the group expects to be profitable in future.

The vision of the group is to be the leading and most desirable beauty and wellness solutions group, nationally and internationally.

As hard as the Covid-19 lockdown period has been it allowed the management team to work tirelessly on new strategies to reset the Imbalie Beauty business. These strategies include the launch of new business divisions which include:

- the launch of the Customer Solutions Division (focusing on Direct Sales);
- the launch of the digitisation of the training academy; and
- the launch of the Imbalie Beauty Institute.

These strategies and various others that are being deployed will enable the group to utilise its assessed tax losses over the next five years.

Unrecognised deferred tax asset				
Deductible temporary differences not recognised as deferred tax assets	72 559	-	-	-
Unused tax losses not recognised as deferred tax assets	1 724 401	-	-	-
	1 796 960	**-**	**-**	**-**

11. Inventories

	Group		Company	
	2020	2019	**2020**	2019
Raw materials, components	2 357 060	2 297 732	-	-
Stock on hand	3 269 223	3 603 139	-	-
	5 626 283	5 900 871	-	-
Allowance for obsolete stock	(116 667)	-	-	-
	5 509 616	**5 900 871**	**-**	**-**

Inventory pledged as security

At 29 February 2020 and up to the date of the report none of the inventories have been pledged as security (2019: Rnil).

Impairment

During the current year, inventory was written down to its net realisable value. Determination of the net realisable value involved considering the realisable value of current salon sale prices and obsolete stock.

12. Loans to group companies

Subsidiaries

Placecol Fresh Beauty (Pty) Ltd	-	-	7 396 414	5 873 037

The loan is unsecured, bears no interest and has no fixed terms of repayment. The carrying amount is stated net of loss allowances of R79 520 678 (2019: 79 520 678). There were no movements in the loss allowance in the current and prior year.

Refer to note 34 for details relating to credit risk.

Fair value of group loans receivable

The fair value of group loans receivable approximates their carrying amounts taking into account the expected credit loss allowance recognised and the short term nature thereof.

13. Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
Financial instruments:				
Trade receivables	6 283 711	8 459 527	-	-
Loss allowance	(2 190 646)	(2 227 154)	-	-
Trade receivables at amortised cost	4 093 065	6 232 373	-	-
Deposits	124 985	163 646	-	-
Other receivables	15 000	513 344	-	100 000
Non-financial instruments:				
VAT	203	-	-	-
Operating lease receivables	-	479 953	-	-
Total trade and other receivables	**4 233 253**	**7 389 316**	**-**	**100 000**

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	4 233 050	6 909 363	-	100 000
Non-financial instruments	203	479 953	-	-
	4 233 253	**7 389 316**	**-**	**100 000**

13. Trade and other receivables (continued)

Exposure to credit risk

Trade receivables is subject to an expected credit loss approach in recognising any impairments. Refer note 34 for details of credit risk.

The aging of trade receivables with the determination of the loss allowance provision is as follows:

Group Expected credit loss rate:	2020 Estimated gross carrying amount at default	2020 Loss allowance (Lifetime expected credit loss)	2019 Estimated gross carrying amount at default	2019 Loss allowance (Lifetime expected credit loss)
Current: 11.38% (2019: 21.75%)	2 768 662	(315 042)	1 701 452	(370 115)
30 Days: 18.61% (2019: 20.00%)	679 220	(126 424)	715 573	(143 115)
60 Days: 31.53% (2019: 21.55%)	249 306	(78 595)	779 495	(167 960)
90 Days: 45.65% (2019: 25.92%)	173 616	(79 264)	512 101	(132 742)
120+ Days: 65.95% (2019: 29.75%)	2 412 907	(1 591 321)	4 750 906	(1 413 222)
Total	**6 283 711**	**(2 190 646)**	**8 459 527**	**(2 227 154)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

	Group		Company	
	2020	2019	**2020**	2019
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	-	(2 692 446)	-	-
Adjustments upon application of IFRS 9	-	-	-	-
Opening balance in accordance with IFRS 9	**(2 227 154)**	**(2 692 446)**	**-**	**-**
Bad debts written off	557 969	1 912 320	-	-
Additional provision raised	(521 461)	(1 447 028)	-	-
Closing balance	**(2 190 646)**	**(2 227 154)**	**-**	**-**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts due to the short term nature thereof.

14. Cash and cash equivalents

	Group		Company	
	2020	2019	**2020**	2019
Cash and cash equivalents consist of:				
Cash on hand	2 879	15 730	-	-
Bank balances	43 984	115 006	2 369	19 341
Bank overdraft	(4 020 711)	(3 936 616)	-	-
	(3 973 848)	**(3 805 880)**	**2 369**	**19 341**
Current assets	46 863	130 736	2 369	19 341
Current liabilities	(4 020 711)	(3 936 616)	-	-
	(3 973 848)	**(3 805 880)**	**2 369**	**19 341**

Placecol Fresh Beauty (Pty) Ltd has an approved facility for guarantees to the value of R265 841 (2019: R676 000) as reviewed and updated on 29 February 2020. Details of contingencies are disclosed in note 31.

Trade debtors of the Group have been ceded as security to ABSA Bank Limited for the approved overdraft facility of Placecol Fresh Beauty (Pty) Ltd to the value of R4 350 000 (2019: R4 550 000).

Fair value of cash and cash equivalents

The fair value of cash and cash equivalents approximates the carrying value due to the short term nature thereof.

15. Disposal groups

At 29 February 2020 the company was in the process of finalising an agreement of sale of its property-owning subsidiary, Imbalie Innovvation (Pty) Ltd. The subsidiary is not a major line of business or a separate group of cash-generating units within the group and has therefore not been classified as a discontinued operation.

The assets and liabilities of the disposal group are set out below.

Profit and loss and other comprehensive income after group eliminations

Revenue	238 224			
Expenses	(2 113 989)	-	-	-
Net loss before tax	(1 875 765)	-	-	-
Tax	620 821	-	-	-
Net loss after tax	(1 254 994)	-	-	-
Loss on revaluation of property	(565 000)	-	-	-
Tax thereon	126 560	-	-	-
Total comprehensive loss	**(1 693 384)**	**-**	**-**	**-**
Assets and liabilities				
Assets of disposal groups				
Property, plant and equipment	13 500 000	-	-	-
Investment in subsidiary	-	-	-	-
Trade and other receivables	46 000	-	-	-
Other assets	2 937	-	-	-
	13 548 937	**-**	**-**	**-**
Liabilities of disposal groups				
Other financial liabilities	14 096 640	-	-	-
Deferred tax	15 315	-	-	-
Trade and other payables	5 042	-	-	-
	14 116 997	**-**	**-**	**-**
Equity				
Revaluation reserve	595 414	-	-	-

The investment in subsidiary has a nil carrying value in the company at 29 February 2020.

15. Disposal groups (continued)

Details of the property

	Group		Company	
	2020	2019	**2020**	2019
Building on Erven 773 and 774 Woodmead Ext 22				
- Purchase price: 28 February 2017	13 383 850	-	-	-
- Revaluation	851 150	-	-	-
- Depreciation	(735 000)	-	-	-
	13 500 000	**-**	**-**	**-**

The property has been encumbered as security for the secured long-term borrowings included under other financial liabilities of the disposal group.

Revaluation

An independent best estimate valuation was performed by a property expert on the building at 29 February 2020. The sales comparison approach was applied by considering selling prices of similar properties in the same location. A key factor in the valuation is that current selling prices are estimated between R10 000/m2 and R11 000/m2. An agreement was concluded on 31 July 2020 to sell the property company, which also included the disposal of the property at its carrying amount at 29 February 2020.

Had land and buildings been carried on the cost model, the carrying amount would have been R13 035 400.

Refer note 35 for fair value hierarchy.

	Group 2020	Group 2019	Company 2020	Company 2019
Details of other financial liabilities Held at fair value				
Bridging loans	7 151 180	-	-	-
The loan of R2 263 519 is unsecured, bears no interest and is repayable on demand. The loan of R2 500 000 does not bear interest, is secured by the shares of Imbalie Innovvation (Pty) Ltd and has no fixed terms of repayment. The loan of R2 387 661 bears interest at the SARS prescribed minimum interest rate, is secured by the value of the property and has no fixed terms of repayment.				
Mortgage bond	6 945 460	-	-	-
ABSA mortgage bond bearing interest at a rate equal to prime plus 1% per annum. The current monthly installment is R117 039. The loans are secured by the property included in the disposal group, which has a fair value of R13 500 000.				
	14 096 640	**-**	**-**	**-**

16. Share capital

	Group		Company	
	2020	2019	**2020**	2019
Authorised				
2 000 000 000 (2019: 2 000 000 000) Ordinary shares of 0.0001 cent each	200 000	200 000	200 000	200 000
Reconciliation of number of shares issued:				
Reported as at 01 March 2019	1 384 039 225	1 205 715 182	1 384 039 225	1 205 715 182
Rights issue of shares	-	178 324 043	-	178 324 043
	1 384 039 225	**1 384 039 225**	**1 384 039 225**	**1 384 039 225**

A rights issue as per circular on the JSE Limited was concluded on 28 February 2018. The total rights offered by Imbalie Beauty Limited was 750 000 000, of which the total number of rights issue shares issued at 28 February 2018 was 571 675 657. The remaining shares were issued in the 2019 financial year.

	Group		Company	
	2020	2019	**2020**	2019
Issued				
Ordinary	52 119 363	52 119 363	52 119 363	52 119 363
Share premium	61 613 088	61 613 088	61 613 088	61 613 088
	113 732 451	**113 732 451**	**113 732 451**	**113 732 451**

17. Revaluation reserve

Opening balance	1 033 854	811 246	-	-
Revaluation (reversal of revaluation) net of taxation	(438 440)	216 000	-	-
Realisation of deferred taxation through use	-	6 608	-	-
	595 414	**1 033 854**	**-**	**-**

The revaluation reserve is not available for distribution.

18. Other financial liabilities

	Group		Company	
	2020	2019	**2020**	2019
Held at amortised cost				
Other loans	255 285	2 587 418	-	-
These loan agreements bear interest at 12%				
(2019: effective rate of between 14% and 18.25%) per annum and have no fixed terms of repayment (2019: repayable over a period of 12 to 36 months at an average monthly installment of R111 878).				
Bridging loans	-	5 224 922	-	-
One loan is secured and bears no interest and is repayable in demand. The other loan carries interest at prime plus 5% and is secured by the shares of Imbalie Innovvation (Pty) Ltd.				
Instalment sale agreements	222 830	25 375	-	-
These bear interest at prime plus 4% (2019: prime plus 4%). The amount is repayable over 36 months at an average current monthly installment of R6 623 (2019: R25 449).				
Mortgage bond	-	7 553 287	-	-
ABSA mortgage bond bearing interest at a rate equal to prime plus 1% per annum. The monthly installment in 2019 was R118 177.				
	478 115	**15 391 002**	**-**	**-**
Split between non-current and current portions				
Non-current liabilities	143 331	7 807 631	-	-
Current liabilities	334 784	7 583 371	-	-
	478 115	**15 391 002**	**-**	**-**

Refer to note 15 for other financial liabilities reclassified to liabilities of disposal groups at 29 February 2020.

Fair value of other financial liabilities

The fair value of other financial liabilities approximates the carrying value due the interest rates being market related.

19. Trade and other payables

	Group		Company	
	2020	2019	**2020**	2019
Financial instruments:				
Trade payables	7 096 158	7 207 851	-	-
Accruals	86 000	587 593	56 000	10 000
Deposits received	166 000	191 481	-	-
Gift card liability	590 798	298 826	-	-
Non-financial instruments:				
Amounts received in advance	62 877	-	-	-
Payroll accruals	217 284	751 852	-	-
VAT	881 340	1 224 915	-	-
	9 100 457	**10 262 518**	**56 000**	**10 000**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to the short term nature thereof.

20. Revenue

Revenue from contracts with customers				
Sale of beauty products and treatments	23 696 751	29 964 303	-	-
Royalties	9 881 077	11 844 795	-	-
Administration fees	-	-	1 920 000	1 920 000
	33 577 828	**41 809 098**	**1 920 000**	**1 920 000**
Disaggregation of revenue from customers and timing of revenue recognition				
At a point in time				
Sale of beauty products and treatments	23 696 751	29 964 303	-	-
Over time				
Royalty income	9 881 077	11 844 795	-	-
Administration fees	-	-	1 920 000	1 920 000
	9 881 077	**11 844 795**	**1 920 000**	**1 920 000**
Total revenue from contracts with customers	**33 577 828**	**41 809 098**	**1 920 000**	**1 920 000**

21. Other operating income and gains

	Group		Company	
	2020	2019	**2020**	2019
Gain (loss) on disposal of property, plant and equipment	138 309	(2 140)	-	-
Reversal of impairment of intangible assets (note 7)	1 458 704	-	-	-
Other income	929 490	2 824 612	-	-
	2 526 503	**2 822 472**	**-**	**-**

22. Operating profit (loss)

Operating profit (loss) for the year is stated after charging the following, amongst others:

	Group 2020	Group 2019	Company 2020	Company 2019
Employee costs				
Salaries, wages, bonuses and other benefits	8 888 183	11 716 096	-	-
Retirement benefit plans: defined contribution expense	274 875	201 651	-	-
	9 163 058	**11 917 747**	**-**	**-**
Lease charges				
Premises	1 571 231	3 416 293	-	-
Equipment	1 564 456	574 272	-	-
	3 135 687	**3 990 565**	**-**	**-**
Short term leases	2 269 489	-	-	-
Leases of low value assets	866 198	-	-	-
Total lease expenses	**3 135 687**	**-**	**-**	**-**
Depreciation and amortisation				
Depreciation of property, plant and equipment	855 945	865 782	-	-
Depreciation of right-of-use assets	386 514	-	-	-
Amortisation of intangible assets	259 939	417 125	10 114	10 114
	1 502 398	**1 282 907**	**10 114**	**10 114**
Movement in credit loss allowances				
Trade and other receivables	521 461	1 447 028	-	-

23. Investment income

	Group 2020	Group 2019	Company 2020	Company 2019
Interest income				
Investments in financial assets:				
Bank and other cash	39	105 770	13	13
Other financial assets	61 965	11 420	-	-
Total interest income	**62 004**	**117 190**	**13**	**13**

24. Finance costs

	Group		Company	
	2020	2019	**2020**	2019
Other financial liabilities	400 231	760 435	-	-
Lease liabilities	89 623	-	-	-
Bank overdraft	549 996	654 896	-	-
Mortgage bond	806 827	826 785	-	-
Trade and other payables	88 123	154 735	-	-
Total finance costs	**1 934 800**	**2 396 851**	**-**	**-**

25. Taxation

Major components of the tax expense (income)

Deferred

	Group 2020	Group 2019	Company 2020	Company 2019
Originating and reversing temporary differences	(732 726)	(1 654 967)	381 658	426 135
Derecognition of deferred tax asset that is no longer probable to be utilised	1 406 299	-	-	-
	673 573	**(1 654 967)**	**381 658**	**426 135**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group 2020	Group 2019	Company 2020	Company 2019
Applicable tax rate	(28.00)%	(28.00)%	28.00 %	28.00 %
Penalties and interest refunded	(0.51)%	-%	-%	-%
Commitment repayment guarantees	8.67%	-%	-%	-%
Capital expenditure	-%	(5.40)%		-%
Reversal of impairment on intangibles	(27.30)%	- %	- %	- %
Derecognition of deferred tax assets	92.17%	- %	- %	- %
	45.03%	**(33.40)%**	**28.26 %**	**28.00 %**

26. Earnings per share

Basic earnings reconciliation

	Group 2020	Group 2019	Company 2020	Company 2019
Profit (loss) attributable to ordinary shareholders	(2 169 468)	(3 295 830)	968 633	1 103 378
Basic earnings	**(2 169 468)**	**(3 295 830)**	**968 633**	**1 103 378**

Headline earnings reconciliation

	Group 2020	Group 2019	Company 2020	Company 2019
Profit (loss) attributable to ordinary shareholders	(2 169 468)	(3 295 830)	968 633	1 103 378
Adjustments				
IAS 16 (Gain) loss on the disposal of property, plant and equipment	(138 309)	599	-	-
IAS 38 Impairment reversal of intangible assets	(1 458 704)	-	-	-
Taxation thereon	38 727	-	-	-
Headline earnings	**(3 727 754)**	**(3 295 231)**	**968 633**	**1 103 378**
Weighted average shares in issue	1 384 039 225	1 384 039 225	1 384 039 225	1 384 039 225
Basic and diluted basic earnings per share (cents)	(0.16)	(0.24)	0.07	0.08
Headline and diluted headline earnings per share (cents)	(0.27)	(0.24)	0.07	0.08

27. Cash generated from operations

	Group		Company	
	2020	2019	**2020**	2019
(Loss) profit before taxation	(1 495 895)	(4 950 797)	1 350 291	1 529 513
Adjustments for:				
Depreciation and amortisation	1 502 398	1 282 907	10 114	10 114
Gain (loss) on disposal of property, plant and equipment	(138 309)	2 140	-	-
Interest income	(62 004)	(117 190)	(13)	(13)
Finance costs	1 934 800	2 396 851	-	-
Movement in credit loss allowances	521 461	(1 447 028)	-	-
Movements in operating lease assets and accruals	(239 746)	54 787	-	-
Reversal of impairment on intangible assets	(1 458 784)	-	-	-
Bad debt on other financial assets written off	610 456	-	-	-
Changes in working capital:				
Inventories	391 255	2 113 031	-	-
Trade and other receivables	2 590 705	5 993 697	100 000	(100 000)
Trade and other payables	(1 162 061)	(2 793 906)	46 000	10 000
	2 994 276	**2 534 492**	**1 506 392**	**1 449 614**

28. Cash flows of disposal groups

Cash flows from operating activities	(1 572 303)	-	-	-
Cash flows from financing activities	(607 827)	-	-	-
	(2 180 130)	**-**	**-**	**-**

29. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2020

	Opening balance	Recognised on adoption of IFRS 16	New property, plant and equipment financed	Reclassified to disposal group	Total non-cash movements	Cash flows	Closing balance
Other financial liabilities	15 391 002	-	185 406	(14 096 640)	(13 911 234)	(1 001 653)	478 115
Lease liabilities	-	676 400	-	-	676 400	(360 659)	315 741
	15 391 002	**676 400**	**185 406**	**(14 096 640)**	**(13 234 834)**	**(1 362 312)**	**793 856**

Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening balance	Recognised on adoption of IFRS 16	New property, plant and equipment financed	Reclassified to disposal group	Total non-cash movements	Cash flows	Closing balance
Other financial liabilities	18 830 569	-	-	-	-	(3 439 567)	15 391 002
	18 830 569	**-**	**-**	**-**	**-**	**(3 439 567)**	**15 391 002**

30. Commitments

Authorised capital expenditure

There were no commitments for capital expenditure at 29 February 2020 (2019: Rnil).

GetBucks

The group entered into a business continuation agreement with GetBucks to provide funding to certain of its franchise operators. The Group exposure at 29 February 2020 was R6 694 481. This exposure was ceded by Getbucks to Ecsponent without the written consent of Imbalie Beauty Limited.

31. Contingencies

The group has various contingent liabilities in terms of head leases entered into with various landlords on behalf of its franchise operators nationally. The exposure of the group is monitored on an ongoing basis with an action plan to actively reduce the group's exposure to head leases. The group has exposure to 7 head leases with a further 1 transferred subsequent to year end, reducing the exposure to 6 head leases.

32. Related parties

Relationships

Subsidiaries	Refer to note 8
Salons owned by board member - E Colyn	Beauty Flagship (Pty) Ltd (Placecol Skin Care Clinic Bram Fischer and Placecol SPA previously held under Mundex (Pty) Ltd)
Company owned by shareholder	AMKA Products (Pty) Ltd

	Group		Company	
	2020	2019	**2020**	2019
Related party balances				
Loan accounts - Owing (to) by related parties				
Placecol Fresh Beauty (Pty) Ltd	-	-	7 396 414	5 873 037
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Beauty Flagship (Pty) Ltd	66 757	(366 702)	-	-
AMKA Products (Pty) Ltd	53 702	-	-	-
Related party transactions				
Administration fees received from related parties				
Placecol Fresh Beauty (Pty) Ltd	-	-	1 920 000	1 920 000
Royalties received from and products purchased by related parties				
Beauty Flagship (Pty) Ltd	540 056	1 196 886	-	-
Products purchased by (from) related parties				
AMKA Products (Pty) Ltd	(36 265)	-	-	-
Rent received from related parties				
AMKA Products (Pty) Ltd	89 967	-	-	-

33. Directors' emoluments

Executive

2020	Emoluments	Expense allowances	Pension	Bonuses	Total
Ms E Colyn	864 000	48 000	30 240	3 000	945 240
Ms CW de Jager	783 600	-	27 426	3 000	814 026
	1 647 600	**48 000**	**57 666**	**6 000**	**1 759 266**

2019

	Emoluments	Expense allowances	Pension	Bonuses	Total
Ms E Colyn	966 000	-	-	-	966 000
Ms CW de Jager	478 153	-	-	-	478 153
	1 444 153	**-**	**-**	**-**	**1 444 153**

Non-Executive

Due to the financial constraints experienced during the current and prior year, the board agreed that all non-executive fees for 2019 and 2020 will be forfeited.

34. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2020	Note(s)	Amortised cost	Fair value
Other financial assets	9	66 330	66 330
Trade and other receivables	13	4 233 050	4 233 050
Cash and cash equivalents	14	46 863	46 863
		4 346 243	**4 346 243**

Group - 2019	Note(s)	Amortised cost	Fair value
Other financial assets	9	1 190 022	1 190 222
Trade and other receivables	13	6 909 363	6 909 363
Cash and cash equivalents	14	130 736	130 736
		8 230 121	**8 230 321**

Company - 2020	Note(s)	Amortised cost	Fair value
Loans to group companies	12	7 396 414	7 396 414
Cash and cash equivalents	14	2 369	2 369
		7 398 783	**7 398 783**

Company - 2019

	Note(s)	Amortised cost	Fair value
Loans to group companies	12	5 873 037	5 873 037
Trade and other receivables	13	100 000	100 000
Cash and cash equivalents	14	19 341	19 341
		5 992 378	**5 992 378**

34. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2020	Note(s)	Amortised cost	Fair value
Trade and other payables	19	7 938 956	7 938 956
Other financial liabilities	18	478 115	478 115
Bank overdraft	14	4 020 711	4 020 711
		12 437 782	**12 437 782**

Group - 2019	Note(s)	Amortised cost	Fair value
Trade and other payables	19	8 285 751	8 285 751
Other financial liabilities	18	15 391 002	15 391 002
Bank overdraft	14	3 936 616	3 936 616
		27 613 369	**28 361 493**

Company - 2020	Note(s)	Amortised cost	Fair value
Trade and other payables	19	56 000	56 000

Company - 2019	Note(s)	Amortised cost	Fair value
Trade and other payables	19	10 000	10 000

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The group manages its capital structure and makes adjustments to it, in light if changes in economic conditions and the needs of the group. No changes were made to the objectives, policies or processes during the year ended 29 February 2020. The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain the future development of the business. The board of directors monitors the return on capital, which the group defines as total capital and reserves, and the level of dividends to ordinary shareholders. There are no externally imposed capital requirements.

Financial risk management Overview

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies and systems are reviewed regularly to reflect changes in market conditions and activities. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

34. Financial instruments and risk management (Continued)

Credit risk

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

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

Expected credit loss risk

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

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

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

The group only deposits cash with major banks with high quality credit rating.

Other financial assets consist of loans to franchisees. In considering a general expected credit loss, the group reviews whether the franchisee has defaulted on their franchise agreement or terms offered on repayment of loans. As at 29 February 2020 no credit loss allowance was considered as required to be raised as the loan amount is being repaid.

For trade receivables, the group makes use of the simplified parameter-based approach, whereby ECL is calculated using a formula incorporating the following parameters: Exposure at Default (EAD), Probability of Default (PD), Loss Given Default (LGD) discounted using the Effective Interest Rate (EIR) (i.e. PD x LGD x EAD = ECL). The group applies a 5% risk factor to the probability of default.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade receivables. The probability of a customer defaulting as well as the realised loss with defaulted accounts has been determined using historical data (12 months). The EIR represents a weighted average rate which is representative of the portfolio of customers and incorporates a risk-free rate plus a risk premium on initial recognition of the trade receivables. The group has considered quantitative forward looking information such as inflation rate and economic downturn. Qualitative assessments have also been performed, of which the impact was found to be immaterial.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Details of the ECL raised has been included in the trade receivables and other financial assets note.

34. Financial instruments and risk management (Continued)

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

Group		2020			2019		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Other financial assets	9	66 330	-	66 330	1 342 138	(152 116)	1 190 022
Trade and other receivables	13	6 423 696	(2 190 646)	4 233 050	9 136 517	(2 227 154)	6 909 363
Cash and cash equivalents	14	43 984	-	43 984	130 736	-	130 736
		6 534 010	**(2 190 646)**	**4 343 364**	**10 609 391**	**(2 379 270)**	**8 230 121**

Company		2020			2019		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	12	86 917 092	(79 520 678)	7 396 414	85 393 715	(79 520 678)	5 873 037
Trade and other receivables	13	-	-	-	100 000	-	100 000
Cash and cash equivalents	14	2 369	-	2 369	19 341	-	19 341
		86 919 461	**(79 520 678)**	**7 398 783**	**85 513 056**	**(79 520 678)**	**5 992 378**

Liquidity risk

The group's exposure to liquidity risk is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and available credit facilities. Cash flow forecasts are prepared and utilised borrowing facilities are monitored. As disclosed in the going concern note, the group is been experiencing liquidity challenges. The directors have developed, and in the process of implementing, a strategy to address the liquidity and cash flow constraints. Refer to note 36 for further detail.

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

34. Financial instruments and risk management (Continued)

Group - 2020		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Other financial liabilities	18	-	79 471	86 094	165 565	143 331
Current liabilities						
Trade and other payables	19	7 938 956	-	-	7 938 956	7 938 956
Other financial liabilities	18	334 784	-	-	334 784	334 784
Lease liabilities		357 577	-	-	357 577	315 741
Bank overdraft	14	4 020 711	-	-	4 020 711	4 020 711
		12 652 028	**79 471**	**86 094**	**12 817 593**	**12 753 523**

Group - 2019		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Other financial liabilities	18		-	7 807 631	7 807 631	7 807 631
Current liabilities						
Trade and other payables		8 285 751	-	-	8 285 751	8 285 751
Other financial liabilities	18	7 583 371	-	-	7 583 371	7 583 371
Bank overdraft	14	3 936 616	-	-	3 936 616	3 936 616
		19 805 738	**-**	**7 807 631**	**27 613 369**	**27 613 369**

34. Financial instruments and risk management (Continued)

		Less than 1 year	Total	Carrying amount
Company 2020				
Current liabilities:				
Trade and other receivables	19	56 000	56 000	56 000
Company 2019				
Current liabilities:				
Trade and other receivables	19	10 000	10 000	10 000

	Group		Company	
	2020	2019	**2020**	2019
Financing facilities				
Secured bank overdraft facility, reviewed annually and payable on call:				
Used	4 020 7111	3 936 616	-	-
Unused	329 289	613 384	-	-
	4 350 000	**4 550 000**	**-**	**-**

Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. The group does not hedge foreign exchange fluctuations. The group reviews its foreign currency exposure, including commitments on an ongoing basis.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

		Group		Company	
		2020	2019	**2020**	2019
US Dollar exposure:					
Current assets:					
Trade and other receivables	13	-	100 176	-	-
Euro exposure:					
Non-current liabilities:					
Trade and other payables	19	-	(135 392)	-	-
Net exposure to foreign currency in Rand		-	(35 216)	-	-
US Dollar exposure:					
Current assets:					
Trade and other receivables	13	-	7 180	-	-
Euro exposure:					
Non-current liabilities:					
Trade and other payables	19	(1 361)	(8 521)	-	-
Exchange rates					
Rand per unit of foreign currency:					
US Dollar		-	13.953		
Euro		16.250	15.889		

34. Financial instruments and risk management (Continued)

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2020	2020	2019	2019
Increase or decrease in rate Impact on profit or loss before tax:	**Increase**	**Decrease**	**Increase**	**Decrease**
US Dollar - change by R1 (2019: R1)	-	-	7 179	(7 179)
Euro - change by R1 (2019: R1)	(1 361)	1 361	(8 521)	8 521
	(1 361)	**1 361**	**(1 342)**	**1 342**

Interest rate risk

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, bank overdrafts, other financial assets and other financial liabilities. The interest applicable to these financial instruments are on a floating basis in line with those currently available in the market. The group's sensitivity to interest rates has decreased during the current period mainly due to the decrease in variable rate debt instruments. The analysis has been performed for floating interest rate assets and liabilities. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The group does not have any fair value sensitivity in respect of fixed rate instruments as at reporting date.

Interest rate sensitivity analysis

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

34. Financial instruments and risk management (Continued)

Company	2020	2020	2019	2019
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Cash and cash equivalents	440	(440)	1 150	(1 150)
Other financial assets	663	(663)	11 900	(11 900)
Bank overdraft	(40 207)	40 207	(39 366)	39 366
Other financial liabilities	(74 236)	74 236	(153 910)	153 910
	(113 340)	**113 340**	**(180 226)**	**180 226**

35. Fair value information

Levels of fair value measurements

Level 3: Unobservable inputs

Recurring fair value measurements

		Group		Company	
		2020	2019	**2020**	2019
Assets					
Property, plant and equipment					
Land and buildings	4	-	14 311 667	-	-
Total		**-**	**14 311 667**	**-**	**-**
Non recurring fair value measurements					
Assets held for sale and disposal groups in accordance with IFRS 5					
Land and buildings	15	13 500 000	-	-	-
Total		**13 500 000**	**-**	**-**	**-**

Land and buildings which are currently classified as non-current assets held for sale have been recognised at fair value less costs to sell as the assets fair value less costs to sell is lower than its carrying amount. Refer to note 15 for further details.

36. Going concern

The consolidated 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 and the directors are aware of the cash-flow pressures and significant liquidity uncertainty at year-end and subsequent to year end as a result of the difficult trading conditions and the imposed lockdown of the group's beauty salons for 87 days as a result of Covid-19, 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. The group incurred a net loss of R2.1 million during the financial year, and the current liabilities exceed the current assets by R3.9 million as at 29 February 2020, which indicates that a material uncertainty exists regarding the group's ability to continue as a going concern.

36. Going concern (continued)

The directors have developed and are in the process of implementing a strategy to address the liquidity and cash flow constraints, which includes:

- the confirmation of approval of a R6 million COVID-19 SARB Guaranteed Loan with ABSA Bank Limited, with a condition precedent that the Company delists from the Johannesburg Stock Exchange Limited; and
- the successful launch of the Group's new Direct Sales Division in August 2020, to increase overall revenue; and
- the successful launch of the Group's Digital Training Academy in October 2020, to generate new revenue.

37. Events after the reporting period

The company entered into an agreement on 31 July 2020 to dispose of its property company, which holds a property that is fairly valued at R13.5 million.

The business which focuses on the selling and distribution of beauty and wellness products, the operating of beauty salons and training, which includes in excess of 400 women, has been severely impacted by the closure of our salons; only being permitted to re-open doors 87 days into lockdown. It is impossible to gauge our business returning to normal, post Covid-19. Social distancing is being imposed within our salons, which will result in less turnover per square metre and will impact the turnover of our salons overall. Various strategies have been implemented to stimulate the retail sales of our beauty salons.

To prioritise the customers' wellbeing and ensure that they feel completely safe and welcome the group's salons, the group has provided all franchise owners and therapists with intensive training and guidelines on Covid-19 Health and Safety Government Regulations as well as specific Imbalie Beauty customer protocols. In addition, the group has supplied the franchise owners with Personal Protective Equipment for therapists as well as the essential item required for customer health and safety, including floor signage, sanitiser dispensers, perspex shields, visors, masks and posters, to ensure that employees and customers feel safe at all times.

Throughout lockdown, the team at Imbalie Beauty has worked hard behind the scenes to stay in touch with their franchisees to keep them motivated, help them with negotiations of lease concessions and have given them tools to sell their essential skin care products as well as launch their new online skin consultations.

38. Shareholders Analysis

Public and non-public shareholders	% Holding	No. of shareholders	No. of shares
Non-public shareholders			
Directors and associates	46.46	5	643 038 614
Holding 10% or more	32.53	1	450 195 235
Total non-public shareholders	**78.99**	**6**	**1 093 233 849**
Public shareholders	21.01	604	290 805 376
Total	**100.00**	**610**	**1 384 039 225**

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

Directors interest in shares	% Holding	No. of shares
WP van der Merwe	21.95	303 825 312
GD Harlow	10.46	144 791 667
E Colyn	4.12	57 000 000
TJ Schoeman	0.01	77 500
Total	**36.54**	**505 694 479**

SHAREHOLDER ANALYSIS

COMPANY	IMBALIE BEAUTY LIMITED
REGISTER DATE	29 FEBRUARY 2020
ISSUED SHARE CAPITAL	1 384 039 225

SHAREHOLDER SPREAD	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
1 - 1 000 shares	133	21.80	6 897 032	0.50
1 001 - 10 000 shares	141	23.12	576 772	0.04
10 001 - 100 000 shares	182	29.84	7 637 485	0.55
100 001 - 1 000 000 shares	107	17.54	31 507 131	2.28
1 000 001 shares and over	47	7.70	1 337 420 805	96.63
Total	**610**	**100.00**	**1 384 039 225**	**100.00**
PUBLIC / NON-PUBLIC SHAREHOLDERS	**Number of shareholders**	**Percentage of shareholders**	**Number of shares**	**Percentage of shares**
Non-Public Shareholders	**6**	**0.98**	**1 093 233 849**	**78.99**
Directors and Associates	5		643 038 614	
Holding 10% or more	1		450 195 235	
Public Shareholders	**604**	**99.02**	**290 805 376**	**21.01**
Total	**610**	**100.00**	**1 384 039 225**	**100.00**
Beneficial shareholders holding 3% or more			**Number of shares**	**Percentage of shares**
Holistics Remedies (Pty) Limited			450 195 235	32.53
SA Madiba Investments (Pty) Limited			303 825 312	21.95
Unihold Group (Pty) Limited			144 791 667	10.46
Brits Engineering Industries (Pty) Limited			100 000 000	7.23
E Colyn			57 000 000	4.12
Total			**1 055 812 214**	**76.29**
Directors			**Number of shares**	**Percentage of shares**
WP van der Merwe			303 825 312	21.95
GD Harlow			144 791 667	10.46
E Colyn			57 000 000	4.12
TJ Schoeman			77 500	0.01
Total			**505 694 479**	**36.54**

SHAREHOLDER’S DIARY

SHAREHOLDERS’ DIARY	
Financial year end	28 February 2021
REPORTS AND ANNOUNCEMENTS	
Integrated annual report	30 June 2021
Interim report	30 November 2021
Annual general meeting	August 2021

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders of Imbalie Beauty will be held on Thursday, 12 November 2020 at 09:00 at Imbalie Beauty Boulevard, 23 Saddle Drive, Woodmead Office Park, Woodmead, 2191, Gauteng, South Africa

To ensure that the registration procedures are completed by 09:00, please register for the annual general meeting from 08:30.

The purpose of the annual general meeting is:

- To present to shareholders the annual financial statements of the Company and its subsidiaries for the year ended 29 February 2020;
- For the Chairman of the Audit and Risk Committee to present to shareholders a report on the matters within the committee's mandate;
- For the Chairman of the Social and Ethics Committee to present to shareholders a report on the matters within the committee's mandate;
- To consider all and any matters of the Company as may lawfully be dealt with at the annual general meeting; and
- To consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions of shareholders set out hereunder in the manner required by the Companies Act.

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

RECORD DATE, ATTENDANCE AND VOTING

	2020
Record date for the purpose of determining which shareholders are entitled to receive the notice of annual general meeting	Friday, 2 October
Mailing of integrated annual report	Monday, 12 October
Last day to trade (LDT) for the purposes of being entitled to attend, participate in and vote at the annual general meeting	Tuesday, 3 November
Record date on which members must be recorded as such in the register	Friday, 6 November
Proxy forms to be lodged with the transfer secretaries by 9:00	Wednesday, 11 November

1. ORDINARY RESOLUTION 1 (1.1 and 1.2)

RE-ELECTION OF NON-EXECUTIVE DIRECTORS

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

1.1 TJ Schoeman

1.2 WP van der Merwe

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

Motivation for ordinary resolutions 1.1 and 1.2

In terms of the Memorandum of Incorporation, one-third of the non-executive directors are required to retire at each annual general meeting of the Company. There are four non-executive directors of Imbalie Beauty on 12 October 2020 and accordingly, two non-executive directors are required to retire at the annual general meeting. In terms of the Memorandum of Incorporation, the non-executive directors to retire at the annual general meeting must be selected from those directors who have served longest in time since their last election or re-election. Applying these requirements, the non-executive directors listed in ordinary resolutions 1.1 and 1.2 are required to retire at the annual general meeting. The non-executive directors listed in ordinary resolutions 1.1 and 1.2 are entitled and have offered themselves for re-election.

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

2. ORDINARY RESOLUTION 2 (2.1 to 2.3)

RE-APPOINTMENT AND APPOINTMENT OF AUDIT AND RISK COMMITTEE MEMBERS

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

2.1 TJ Schoeman (Chairman)

2.2 GD Harlow

2.3 WP van der Merwe

Mr Schoeman and van der Merwe will be re-appointed, subject to their re-election as directors pursuant to ordinary resolutions 1.1 and 1.2.

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

Motivation for ordinary resolutions 2.1 to 2.3

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

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

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

3. ORDINARY RESOLUTION 3

RE-APPOINTMENT OF INDEPENDENT EXTERNAL AUDITORS

RESOLVED THAT Nexia SAB&T (with Aneel Darmalingam as Audit Partner) be and is hereby elected as the Company's independent external auditor for the ensuing financial year, to hold office until the Company's next annual general meeting, as approved by the Audit and Risk Committee and recommended to shareholders.

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

Motivation for ordinary resolution 3

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

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

4. ORDINARY RESOLUTION 4

GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE ORDINARY SHARES

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

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

Motivation for ordinary resolution 4

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

5. ORDINARY RESOLUTION 5

NON-BINDING ADVISORY ENDORSEMENT OF THE IMBALIE BEAUTY REMUNERATION PHILOSOPHY

RESOLVED THAT, by way of a non-binding advisory vote, the remuneration philosophy of the Company, as outlined on the Remuneration Report on page 18, is endorsed.

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

6. ORDINARY RESOLUTION 6

RESOLVED THAT, by way of a non-binding advisory vote, the remuneration implementation report of the Company, as outlined on page 18 of the Integrated Annual Report, is endorsed.

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

Motivation for ordinary resolutions 5 and 6

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

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

- influence and reward behaviour and performance of employees and executives, which align the strategic goals of the organisation, shareholders and employees;
- ensure that performance metrics are demanding, sustainable and cover all aspects of the business, including key financial and non-financial drivers;
- structure compensation to ensure that Imbalie Beauty's values are maintained and that the correct governance frameworks are applied across its compensation decisions and practices;
- apply the appropriate remuneration benchmarks; and
- provide competitive rewards to attract, motivate and retain highly skilled executives, management and staff vital to the ongoing success of the organisation.

7. SPECIAL RESOLUTION 1

REMUNERATION OF NON-EXECUTIVE DIRECTORS

RESOLVED THAT the remuneration payable to the non-executive directors for attendance at Board meetings, and inclusive of all sub-committee meetings, as recommended by the Remuneration Committee and set out below, be and is hereby approved until the next annual general meeting:

	For Approval at 2020 AGM Year ending 28 February 2021 R
Chairman of the Board – per quarter	25 000
Members of the Board – per quarter	20 000

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

Motivation for special resolution 1

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

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

Remuneration is VAT exclusive, where applicable.

8. SPECIAL RESOLUTION 2

GENERAL AUTHORITY TO ACQUIRE THE COMPANY'S OWN ORDINARY SHARES

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

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system or on the open market of the Johannesburg Stock Exchange, subject to the approval of the JSE, as necessary, in either event without any prior understanding or arrangement between the Company and the counterparty;
- this approval shall be valid only until the next annual general meeting of the Company, or for 15 months from the date of passing of this resolution, whichever period is shorter;
- ordinary shares issued by the Company may not be acquired at a price greater than 10% above the weighted average of the market value of the Company's ordinary shares for the five business days immediately preceding the date of the acquisition being effected;
- at any point in time, the Company only appoints one agent to effect any acquisitions on its behalf;
- the Board has resolved to authorise the acquisition, that the Company and its subsidiaries will satisfy the solvency and liquidity test immediately after the acquisition and that since the test was done there have been no material changes to the financial position of the Group;
- the Company may not, in any one financial year, acquire in excess of 20% of the Company's issued ordinary share capital as at the date of passing of this special resolution 2 or in excess of 10% of such issued ordinary shares capital in the aggregate if such ordinary shares are to be held as treasury shares;
- an announcement containing details of such acquisitions will be published as soon as the Company and/or the subsidiaries, collectively, shall have acquired ordinary shares issued by the Company constituting, on a cumulative basis, not less than 3% of the number of ordinary shares in the Company in issue as at the date of this approval;
- and an announcement containing details of such acquisitions will be published in respect of each subsequent acquisition by either the Company and/or by the subsidiaries, collectively, of ordinary shares issued by the Company, constituting, on a cumulative basis, not less than 3% of the number of ordinary shares in the Company in issue as at the date of this approval;
- the acquisition of ordinary shares by the Company or its subsidiaries may not be effected during a prohibited period, as defined in the JSE Listings Requirements, unless there is in place a repurchase programme as contemplated in the JSE Listings Requirements;
- the Company's subsidiaries shall not be entitled to acquire ordinary shares issued by the Company if the acquisition of ordinary shares will result in them holding, on a cumulative basis, more than 10% of the number of ordinary shares in issue in the Company; and
- no voting rights attached to the ordinary shares acquired by the Company's subsidiaries may be exercised while the ordinary shares are held by them and they remain subsidiaries of the Company.

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

Motivation for special resolution 2

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

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

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

- the Company and the Group would be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice issued in respect of the annual general meeting;
- the assets of the Company and the Group would be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice issued in respect of the annual general meeting. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;
- the ordinary capital and reserves of the Company and the group would be adequate for ordinary business purposes for a period of 12 months after the date of the notice issued in respect of the annual general meeting; and
- the working capital of the Company and the group would be adequate in the ordinary course of business for a period of 12 months after the date of the notice issued in respect of the annual general meeting.

9. ORDINARY RESOLUTION 7

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

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

- This authority is valid until the Company's next annual general meeting, provided that it will not extend beyond 15 months from the date that this authority is given;
- Any such issue will only be made to 'public shareholders' as defined in the JSE Listings Requirements and not to related parties, unless the JSE otherwise agrees;
- The number of ordinary shares issued for cash will not in aggregate exceed 50% of the Company's listed ordinary shares (excluding treasury shares) as at 12 October 2020, such number being 692 019 612 ordinary shares in the Company's issued share capital;
- Any ordinary shares issued under the authority during the period contemplated in the first bullet above must be deducted from such number in the preceding bullet; and
- In the event of a sub-division or consolidation of issued ordinary shares during the period contemplated in the first bullet above, the existing authority must be adjusted accordingly to represent the same allocation ratio.

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

Motivation for ordinary resolution 7

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

At present, the directors have no specific intention to use this authority, other than the authority to allot new ordinary shares to the non-executive directors in lieu of their unpaid fees for the period ended 29 February 2020, and the authority will thus only be used if circumstances are appropriate.

It should be noted that this authority relates only to those ordinary shares which the directors are authorised to allot and issue in terms of ordinary resolutions 4 and 7 and is not intended to (nor does it) grant the directors authority to issue ordinary shares for cash over and above, and in addition to, the ordinary shares which the directors are authorised to allot and issue in terms of ordinary resolutions 4 and 7, when ordinary shares are issued for such purposes and on such terms as the directors may deem fit.

10. SPECIAL RESOLUTION 3

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

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

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

Motivation for special resolution 3

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

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

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

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

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

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

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

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

11. ORDINARY RESOLUTION 8

DIRECTORS' AUTHORITY TO IMPLEMENT SPECIAL AND ORDINARY RESOLUTIONS

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

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

Motivation for ordinary resolution 8

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

Further Disclosure

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

- Major shareholders of the Company;
- Material change statement; and
- Share capital of the Company.

Directors' responsibility statement

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

VOTING AND PROXIES

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

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

Certificated Shareholders or Own-name Dematerialised Shareholders may attend and vote at the annual general meeting, or alternatively appoint a proxy to attend, speak and, in respect of the applicable ordinary and special resolutions, vote in their stead by completing the attached form of proxy and returning it to the Transfer Secretary at the address given in the annual integrated report to be received by no later than 09:00 on Wednesday, 11 November 2020 for administrative purposes or thereafter to the Company by hand by no later than 09:00, the commencement of the annual general meeting, on Thursday, 12 November 2020.

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

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

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

ELECTRONIC PARTICIPATION

Shareholders or their proxies may participate in the annual general meeting by way of telephone conference call.

Shareholders or their proxies who wish to participate in the annual general meeting via the teleconference facility will be required to advise the company thereof by no later than 09:00 on Monday, 9 November 2020 by submitting, by email to the company secretary at paige@rspconsulting.co.za relevant contact details including email address, mobile number and landline, as well as full details of the shareholder's title to the ordinary shares issued by the Company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders), and (in the case of dematerialised shareholders) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised ordinary shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting.

Shareholders who wish to participate in the annual general meeting by way of telephone conference call must note that they will not be able to vote during the annual general meeting. Such shareholders, should they wish to have their vote counted at the annual general meeting, must, to the extent applicable:

(i) complete the form of proxy; or

(ii)contact their CSDP or broker,

Paige Atkins

Company Secretary

For and on behalf of Imbalie Beauty Limited

Woodmead

12 October 2020

FORM OF PROXY

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

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

For completion by registered members of the Company unable to attend the annual general meeting of the Company on Thursday, 12 November 2020 at 09h00.

I/We

Of
(address)

Tel (work) (home)
(mobile)

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

1.
or, failing him/her

2.
or failing him/her

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

FORM OF PROXY

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

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

Signed at this day of 2020

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 annual general meeting 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 annual general meeting 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 annual general meeting 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 annual general meeting 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 annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty-eight hours before the commencement of the annual general meeting.
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 annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the annual general meeting 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 annual general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general 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 annual general meeting.
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.

NOTES TO THE PROXY FORM

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: Hill on Empire 4th Floor, Building A 16 Empire Road Parktown 2193 Gauteng South Africa admin@4axregistry.co.za	**Postal deliveries to**: Postnet Suite 532 Private Bag X51 Bryanston, 2021 Gauteng South Africa

    to be lodged by no later than 09:00 on Wednesday, 11 November 2020.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

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

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

CORPORATE INFORMATION

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

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

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

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

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(Postnet Suite 532, Private Bag X51, Bryanston, 2021, Gauteng, South Africa)

BANKERS
Absa Bank Limited

ATTORNEYS
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