Placécol

THE SCIENCE OF BEAUTY

PLACÉCOL HOLDINGS LIMITED AND ITS SUBSIDIARIES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2008

GENERAL INFORMATION AT 29 FEBRUARY 2008

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Marketing and distribution of cosmetics and laser skin care
DIRECTORS	WJ De Wet CW Moolman RA du Toit (Resigned 3 October 2008) CE Chimombe-Munyoro (Resigned 1 August 2008) T Dingaan (Resigned 1 August 2008) KN Mckinnon (Resigned 6 May 2008)
COMPANY SECRETARY	iTemba Governance and Statutory Solutions (Pty) Ltd
REGISTERED OFFICE	Placécol Boulevard Samrand Avenue Kosmosdal, Extension 4 Centurion 0046
POSTAL ADDRESS	P O Box 8833 Centurion 0046
BANKERS	Absa Bank Nedbank Corporate First National Bank
AUDITORS	RSM Betty and Dickson(Tswane) Chartered Accountants (S.A.) Registered Auditors
JSE CODE	PLC
DESIGNATED ADVISOR	Vunani Corporate Finance

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

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REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of Placécol Holdings Limited and its subsidiaries
We have audited the accompanying Group and company annual financial statements of Placécol Holdings Limited, which comprise the Directors' report, the balance sheet at 29 February 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 50.

Directors' responsibility for the financial statements
The Group's Directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

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

Opinion
In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Group and the company at 29 February 2008, and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973.

Emphasis of matter
Without qualifying our opinion above we draw attention to note 33 in the financial statements. The note indicates and gives reasons for the revision of the previously issued financial statements.

RSM Betty & Dickson (Tshwane)

RSM Betty & Dickson (Tshwane)
Registered Auditors
Per Paul den Boer
Partner

Suite 1, 267 Waterkloof Road
Brooklyn, 0181

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company 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 judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 company's cash flow forecast for the year to 28 February 2009 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 7 to 50.

The annual financial statements set out on pages 7 to 50, which have been prepared on the going concern basis, were approved by the board of directors at Centurion and were signed on its behalf by:

Sean Morgan
Financial Director

Wessel de Wet
Chief Executive Office

CERTIFICATION BY COMPANY SECRETARY

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

iThemba Governance and Statutory Solutions (Pty) Limited
Company Secretary
20 February 2009

AUDIT AND RISK COMMITTEE REPORT

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

The Audit and Risk Committee performs the following functions:

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

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

The Audit and Risk Committee recommended the annual financial statements for the year ended 29 February 2008 for approval to the Board. The Board has subsequently approved the annual financial statements.

Audit and Risk Committee Chairman
20 February 2009

DIRECTORS' REPORT

The directors submit their revised report for the year ended 29 February 2008.

1. REVISED ANNUAL FINANCIAL STATEMENTS

These revised annual financial statements are issued to replace the annual financial statements issued on 8 September 2008 which were withdrawn, for reasons set out in note 33 to the financial statements.

2. REVIEW OF ACTIVITIES

Main business and operations

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

The operating results and state of affairs of the Group are fully set out in the attached annual financial statements and do not in our opinion require any further comment. Due to a group restructure having taken place on 1 December 2006, the operating results for the previous year are stated for three months only.

Net profit of the group was R6,739,394 (2007: profit R828,919), after taxation of R2,972,185 (2007: R 491,738).

3. DIRECTORS' RESPONSIBILITIES

The responsibilities of the directors are detailed on page 4 of this report.

4. GOING CONCERN

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

The Board has performed a formal review of the Group's ability to continue trading as a going concern in the foreseeable future and, based on this review, considers that the presentation of the financial statements on this basis as appropriate. There are no pending or threatened legal or arbitration proceedings which have had or may have a material effect on the financial position of the group.

5. POST BALANCE SHEET EVENTS

The following changes to the board of directors occurred after year-end:

Appointments
SM du Toit (Appointed 1 August 2008)* (Resigned 22 January 2009)
C Nkosi (Appointed 25 August 2008)*
S Morgan (Appointed 3 October 2008)**
T Schoeman (Appointed 22 January 2009)*

Resignations
T Dingaan (Resigned 1 August 2008)*
CE Chimombe-Munyoro (Resigned 1 August 2008)*
KN Mckinnon (Resigned 6 May 2008)**
RA du Toit (Resigned 3 October 2008)**

* Non - Executive Director
** Executive Director

The following changes to the company's issued share capital occurred after year-end:
The 2 400 000 ordinary shares issued to the Placécol Holdings Share Incentive Scheme will be cancelled.
11 893 332 Placécol ordinary shares were repurchased by the company for the amount of R1.
19 806 322 Placécol ordinary shares will be repurchased by the company for an amount of R1, subject to the shareholder’s approval.

The directors are not aware of any other matters or circumstances arising since the end of the financial year.

6. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised share capital of the company during the year under review.

The following changes were made in the issued share capital of the company during the year under review.

6,104,976 ordinary shares of 0.01 cents each were issued at par value plus a total premium of R6,104,366 as part of the purchase consideration for the acquisition of Nomic 136 (Pty) Ltd trading as Dream Nails and Body.

20,000,000 ordinary shares of 0.01 cents each were issued at par value plus a total premium of R19,998,000 via a private placement.
The purpose of the private placement was to:
- raise capital and allow the group to accelerate its organic and acquisitive growth;
- enhance investor awareness of Placécol, its activities and specialised skills;
- broaden Placécol's shareholder base;
- afford selected investors the opportunity to participate directly in the income stream of Placécol, as well as in the future capital growth of its assets.

The company listed on the AltX subsequent to the private placement.

2,400,000 ordinary shares of 0.01 cents each were issued at par value plus a total premium of R2,399,760.

All authorised shares have been placed under control of the shareholders until the next annual general meeting.

7. DIVIDENDS

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

8. DIRECTORS

The directors of the company during the year and to the date of this report are as follows:
Name
WJ De Wet *
CW Moolman *
RA Du Toit (Resigned 3 October 2008) *
KN Mckinnon (Resigned 6 May 2008) **
T Dingaan (Resigned 1 August 2008) **
CE Chimombe-Munyoro (Resigned 1 August 2008) **
SM du Toit (Appointed 1 August 2008) ** (Resigned 22 January 2009)
C Nkosi (Appointed 25 August 2008) **
S Morgan (Appointed 3 October 2008) *
T Schoeman (Appointed 22 January 2009) **

* Executive
** Non-executive

9. DIRECTORS' INTERESTS

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

	Beneficial		Total	%
Director	**Direct**	**Indirect**		**Held**
Charles Moolman	25,593,857	-	25,593,857	19.3%
Wessel de Wet	27,593,857	-	27,593,857	20.8%
Richard du Toit (Resigned 3 October 2008)	10,772,697	-	10,772,697	8.1%
Kenny Mckinnon (Resigned 6 May 2008)	610,498	-	610,498	0.5%
	64,570,909	-	64,570,909	48.7%

Apart from the repurchase of the shares by the company for R1, there were no major changes to the Directors' shareholding in the company between 29 February 2008 and the date of this annual report. A further repurchase will be implemented as set out in note 5 on page 7.

The shares were repurchased from:	CW Moolman	4 788 059
	WJ de Wet	4 788 059
	RA du Toit	1 795 522

No comparatives are presented as the company listed on 21 August 2007.

10. SIGNIFICANT SHAREHOLDERS

Details of significant shareholders are included on page 51 of this annual report.

11. INTERESTS OF DIRECTORS IN CONTRACTS

Other than the interests disclosed in note 28 to the notes of the annual financial statements, no Director has any other interest in any transactions of significance with the company or any of its subsidiaries.

12. LITIGATION

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

13. SEGMENT REPORT

In order to give a better understanding to shareholders, the Group discloses the segmental analysis as per note 30 to the annual financial statements.

The Group thus has no discernible geographical segment.

14. BORROWING LIMITATIONS

In terms of the articles of association of the company, the Directors may exercise all the powers of the company to borrow money, as they consider appropriate.

15. INTEREST IN SUBSIDIARIES

Details of the Group's investment in subsidiaries are set out in note 32 of the annual financial statements.

16. NON-CURRENT ASSETS

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

17. COMPANY SECRETARY

As at balance sheet date the company secretary was LT Pretorius (resigned 11 July 2008).

Business address	Placécol Boulevard Samrand Avenue Kosmosdal, Extension 4 Centurion 0046
Postal address	P O Box 8833 Centurion 0046

At the the date of the annual financial statements the company secretary was iThemba Governance and statutory (Pty) Ltd (appointed 14 July 2008).

Business address	Monument Office Park Block 3, Suite 3222 79 Steenbok Avenue, Monument Park
Postal address	P O Box 4896 Rietvalleirand 0174

18. SPECIAL RESOLUTIONS

At the annual general meeting of the shareholders held on the 2nd October 2008, it was resolved that:

- in terms of the prospectus, the February 2008 profit after tax for the Placecol Group of companies excluding Nomic 136 (Pty) limited, trading as Dream nails and NSI South Africa ("Dream Nails" or "DNB") was less than R9,2 million and the company has repurchased 11893332 Placecol ordinary shares from the vendors on a pro rata basis for the aggregate of R1.00.
- 2 400 000 ordinary shares issued to the Placecol Holdings Share Incentive Scheme be cancelled at 100 cents each for an aggregate purchase price of R2 400 000, to take effect after the issue of the 31 August 2008 interim financial results.
- Article 63 of thee company's articles of association be amended to allow the company a nine month period in which to hold the annual general meeting as provided for in terms of section 79(1)(b)(ii) of the companies Act of 1973.

19. AUDITORS

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

	NOTES	2008 R	2007 R
ASSETS			
NON CURRENT ASSETS		31,192,496	21,573,222
Property, plant and equipment	3	8,017,812	14,339,247
Intangible assets	4	17,642,526	4,730,366
Finance lease receivables	5	69,176	-
Deferred tax asset	14	2,228,690	898,594
Other financial assets	6	3,234,292	1,605,015
CURRENT ASSETS		53,575,965	24,900,108
Inventories	7	22,360,029	4,669,388
Loans to directors	8	187,804	204,845
Other financial assets	6	2,288,564	419,872
Finance lease receivables	5	32,355	-
Trade and other receivables	9	17,775,485	12,168,647
Cash and cash equivalents	10	10,931,728	7,437,356
TOTAL ASSETS		**84,768,461**	**46,473,330**
EQUITY AND LIABILITIES			
EQUITY		51,652,096	20,815,215
Share capital	11	44,083,783	19,986,296
Retained income		7,568,313	828,919
LIABILITIES		33,116,366	25,658,115
NON-CURRENT LIABILITIES		11,224,182	5,554,254
Other financial liabilities	12	9,543,665	3,673,959
Finance lease obligation	13	663,218	834,764
Operating lease liability		1,004,239	965,887
Deferred tax	14	13,060	79,644
CURRENT LIABILITIES		21,892,184	20,103,861
Other financial liabilities	12	4,003,367	3,793,706
Current tax payable		4,390,288	1,493,534
Finance lease obligation	13	174,585	176,120
Operating lease liability		-	154,861
Trade and other payables	15	11,223,005	10,099,116
Income received in advance	16	2,100,939	3,051,941
Bank overdraft	10	-	1,334,583
TOTAL EQUITY & LIABILITIES		**84,768,461**	**46,473,330**
Net asset value per share		39,9	—
Net tangible asset value per share		25,7	—

	NOTES	2008 R	3 months 2007 R
REVENUE		115,267,983	20,568,213
COST OF SALES		-35,618,000	-2,398,241
GROSS PROFIT		79,649,983	18,169,972
OPERATING EXPENSES	17 & 18	-70,116,121	-16,046,053
OPERATING PROFIT		9,533,862	2,123,919
OTHER INCOME		1,256,100	-
INVESTMENT REVENUE	19	984,528	71,674
FINANCE COSTS	20	-2,062,911	-874,936
PROFIT BEFORE TAXATION		9,711,579	1,320,657
TAXATION	21	-2,972,185	-491,738
PROFIT FOR THE PERIOD		6,739,394	828,919

Earnings per shares (cents)	22	5.7	0.9
Headline earnings per share (cents)	22	4.9	0.9
Adjusted earnings per share (cents)	22	7.8	1.3
Adjusted headline earnings per share (cents)	22	6.7	1.3

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 1 March 2006	100	-	100	-	100
Changes in equity					
Profit for the year	-	-	-	828,919	828,919
Issue of shares	10,300	26,489,600	26,499,900	-	26,499,900
Adjustment as a result of share repurchase	-	-5,388,941	-5,388,941	-	-5,388,941
Issue costs written off	-	-1,124,763	-1,124,763	-	-1,124,763
Total changes	10,300	19,975,896	19,986,196	828,919	20,815,115
Balance at 1 March 2007	10,400	19,975,896	19,986,296	828,919	20,815,215
Changes in equity					
Profit for the year	-	-	-	6,739,394	6,739,394
Issue of shares	2,850	28,502,126	28,504,976	-	28,504,976
Issue costs written off	-	-2,007,489	-2,007,489	-	-2,007,489
Treasury shares held	-240	-2,399,760	-2,400,000	-	-2,400,000
Total changes	2,610	24,094,877	24,097,487	6,739,394	30,836,881
Balance at 29 February 2008	13,010	44,070,773	44,083,783	7,568,313	51,652,096

	NOTES	2008 R	2007 R
Cash flows from operating activities			
Cash receipts from customers		107,891,030	12,369,384
Cash paid to suppliers and employees		-120,947,835	-10,906,834
Cash (used in) generated from operations	24	-13,056,805	1,462,550
Interest income		808,336	45,525
Finance costs		-2,062,911	-874,936
Tax paid	25	-2,360,146	-
Net cash from operating activities		-16,671,526	633,139
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-1,796,811	-826,261
Investment in intangible assets		-1,040,357	-
Sale of property, plant and equipment		6,541,176	-
Sale of intangible assets		1,700,000	-
Aquistion of businesses	26	-5,553,082	-830,776
Receipts from loans advanced		17,040	-
Loans advanced		-	-
Loans advanced		458,359	605,623
Proceeds on disposal of business units		-	1,018,559
Net cash from investing activities		326,325	-32,855
Cash flows from financing activities			
Proceeds from shares issued		17,992,511	9,672,748
Proceeds from other financial liabilities		3,181,645	
Repayment of interest bearing borrowings			-4,170,359
Net cash from financing activities		21,174,156	5,502,389
Total cash movement for the period		4,828,955	6,102,673
Cash at the beginning of the period		6,102,773	100
Total cash at end of the period		10,931,728	6,102,773

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

1.1 CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

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

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

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

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

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

1.2 BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

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

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

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

1.3 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

Item	Method	Useful life
Land and buildings	Straight line	60 years
Plant and equipment	Straight line	5 to 8 years
Furniture, fittings and office equipment	Straight line	6 to 10 years
Motor vehicles	Straight line	5 to 7 years
Computer equipment	Straight line	3 to 6 years
Books	Straight line	4 years

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

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

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

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

1.4 GOODWILL

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

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

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

1.5 IMPAIRMENT OF ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.6 FINANCIAL INSTRUMENTS

Initial recognition

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

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

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

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

Subsequent measurement
After initial recognition financial assets are measured as follows:

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

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

After initial recognition financial liabilities are measured as follows:

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

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

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

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

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

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

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

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

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

1.7 TAXATION

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

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

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

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

A deferred taxation liability is recognised for all taxable temporary differences, except to the extent that the deffered taxation liability arises from:
· the initial recognition of goodwill; or
· goodwill for which amortisation is not deductible for tax purposes; or
· the initial recognition of an asset or liability in a transaction which:
  - is not a business combination
  - at the time of the transaction affects neither accounting profit nor taxable profit/(taxable loss).

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

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

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

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

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

Taxation expenses
Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that tax arises from:
· a transaction or event which is recognised, in the same or a different period, directly in equity, or
· a business combination.

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

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

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

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

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

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

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

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

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

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

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

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

1.10 REVENUE

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

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

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

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

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

1.11 COST OF SALES

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

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

1.12 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

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

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

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

1.13 EMPLOYEE BENEFITS

Short-term employee benefits

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

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

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

1.14 BORROWING COSTS

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

1.15 RELATED PARTIES

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

1.16 INTANGIBLE ASSSETS

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

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

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

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

Research and development costs

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

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

2 ADOPTION OF NEW PRONOUNCEMENTS

In the current year, the Group has adopted:

- IFRS 7 Financial Instruments : Disclosures (effective for annual reporting periods beginning on or after 1 January 2007); and
- Consequential amendments to IAS 1 Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital.

Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are:

- IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies;
- IFRIC 8 Scope of IFRS 2;
- IFRIC 9 Reassessment of Embedded Derivatives;
- IFRIC 10 Interim Financial Reporting and Impairment; and
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions.

The adoption of these interpretations has not led to any changes in the Group's accounting policies.

The Group has not yet applied the following new standards, interpretations and amendments that have been issued but are not yet effective:

Standard	Effective date *
IFRS 8 Operating Segments	1 January 2009
IAS 23 (Revised) Borrowing Costs	1 January 2009
IFRIC 12 Service Concession Arrangements *	1 January 2008
IFRIC 13 Customer Loyalty Programmes	1 July 2008
IFRIC 14/IAS 19 The Limit on Defined Benefit Assets Minimum Funding Requirements	1 January 2008
AC 503 Accounting for Black Empowerment Transactions	1 July 2008
IAS 1 (AC101) Presentation of Financial Statements **	1 January 2009
IFRS 3 (Revised) Business Combinations	1 July 2009
IAS 10 Events After the Reporting Period	1 January 2009
IAS 16 Property, Plant and Equipment	1 January 2009
IAS 18 Revenue	1 January 2009
IAS 19 Employee Benefits	1 January 2009
IAS 20 Accounting for Government Grants and Disclosure for Government Assistance	1 January 2009
IAS 27 Consolidated and Separate Financial Statements*	1 January 2009
IAS 32 (Amended) Financial Instruments	1 January 2009
IAS 34 Interim Financial Reporting	1 January 2009
IAS 36 Impairment of Assets	1 January 2009
IAS 38 Intangible Assets	1 January 2009
IAS 39 Financial Instruments- Recognition and Measurement	1 January 2009
IFRS 7 Financial Instruments- Disclosures	1 January 2009
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2009

* Effective for years commencing on or after the indicated date.
** Available for early adoption for 31 December 2007 year-ends.

The Group will adopt the above standards, interpretations and amendments on their effective dates. Management expects that the adoption of the standards listed above will have no material impact on the financial statements in the period of initial application.

Management is currently in the process of assessing the impact of the new and revised standards.

3 PROPERTY, PLANT AND EQUIPMENT

	2008			2007		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	1,443,958	-24,167	1,419,791	1,450,000	-6,042	1,443,958
Improvements on leasehold properties	161,887	-31,478	130,409	-	-	-
Plant and equipment	6,681,786	-3,761,989	2,919,797	12,378,173	-3,324,438	9,053,735
Motor vehicles	2,837,124	-639,387	2,197,737	1,990,229	-510,485	1,479,744
Furniture , fittings and office equipment	1,403,921	-684,201	719,720	2,489,407	-880,822	1,608,585
Computer equipment	1,343,957	-713,599	630,358	1,410,165	-656,940	753,225
	13,872,633	**-5,854,821**	**8,017,812**	**19,717,974**	**-5,378,727**	**14,339,247**

Reconciliation of property, plant and equipment - 2008

	Opening balance	Disposals	Additions	Additions through business combinations	Depreciation	Total
Land and buildings	1,443,958	-	-	-	-24,167	1,419,791
Improvements on leasehold properties	-	-	17,987	143,900	-31,478	130,409
Plant and equipment	9,053,735	-4,996,323	423,039	-	-1,559,763	2,920,688
Motor vehicles	1,479,744	-461,423	697,359	710,691	-228,635	2,197,737
Furniture , fittings and office equipment	1,608,585	-841,432	108,146	82,726	-238,282	719,744
Computer equipment	753,225	-378,861	550,280	63,425	-358,626	629,443
	14,339,247	-6,678,039	**1,796,811**	**1,000,743**	-2,440,951	**8,017,812**

Reconciliation of property, plant and equipment - 2007

	Opening balance	Disposals	Additions	Additions through business combinations	Depreciation	Total
Land and buildings	-	-	-	1,450,000	-6,042	1,443,958
Improvements on leasehold properties	-	-	-	-	-	-
Plant and equipment	-	-675,947	674,518	9,467,094	-411,930	9,053,735
Motor vehicles	-	-	-	1,527,803	-48,059	1,479,744
Furniture , fittings and office equipment	-	-32,784	92,465	1,653,997	-105,093	1,608,585
Computer equipment	-	-50,131	59,278	871,256	-127,178	753,225
	-	**-758,862**	**826,261**	**14,970,150**	**-698,302**	**14,339,247**

Pledged as security

Certain property, plant and equipment with a carrying value of R4,752,456 (2007: R7,991,498) is encumbered to secure the borrowings set out in note 12 and 13.

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

4 INTANGIBLE ASSETS

	2008 Products	2008 Goodwill	2008 Total	2007 Products	2007 Goodwill	2007 Total
Opening balance		4,730,366	4,730,366	-	-	-
Additions	596,458	12,315,702	12,912,160		10,119,307	10,119,307
Adjustments to purchase price		-	-		-5,388,941	-5,388,941
			-			-
Closing balance	596,458	17,046,068	17,642,526	-	4,730,366	4,730,366

Products

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

Goodwill

Goodwill additions relate to acquisition of Nomic 136 Trading (Pty) Limited
For further detail on this acquisition refer to note 26.

Impairment reviews of goodwill and indefinite life intangible assets

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

	Units Calculated	Carry amount
Dream Nails business	Brands revenue stream	11,695,374
Placecol	Brands revenue stream	5 098 807
Salon Quip	Supply chain revenue stream	251 887
		17 046 068

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

Value-in-use calculations use cash flow projections based on 2008 financial year budgets, approved by management, extrapolated at between 8% and 10% depending on the cash-generating unit for a further five years and was discounted using a weighted average cost of capital of 14.6%.

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

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

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

5 FINANCE LEASE RECEIVABLES

	2008	2007
Gross investment in the lease due		
- within one year	32,355	-
- in second to fifth year inclusive	96,665	-
	129,020	-
less: Unearned finance income	-27,489	-
	101,531	**-**
Present value of minimum lease payments due		
- within one year	32,355	-
- in second to fifth year inclusive	69,176	-
	101,531	**-**
Non-Current assets		-
At amortised cost	69,176	
Current assets		-
Payable within one year at amortised cost	32,355	
	101,531	**-**

6 OTHER FINANCIAL ASSETS

Loans and receivables

	2008	2007
Long term loans	3,027,919	-
The unsecured loans bears interest at prime and are repayable within the next 24 months		
Salon Quip (Pty) Ltd	-	239,242
The unsecured loans bears interest at prime and there were no fixed terms of repayment.		
Student loans	1,783,650	1,605,015
The student loans carries interest at prime and are repayable within 3 years after completion of the studies.		
Loans to managers	-	180,630
The unsecured loans bears interest at prime and there were no fixed terms of repayment.		
	4,811,569	**2,024,887**
Installment Sale Agreements	711,287	-
Assets under installment sale agreements bear interest at an average interest rate of 18% per annum repayable in monthly installments ranging from R2,412 to R4,903.		
	5,522,856	**2,024,887**
Non-current assets		
At amortised cost	3,234,292	1,605,015
Current assets		
Payable within one year at amortised cost	2,288,564	419,872
	5,522,856	**2,024,887**

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

7 INVENTORIES

	2008	2007
Consumables	13,611	180,445
Finished goods	3,976,029	1,777,569
Raw Materials	4,024,680	2,711,374
Equipment held for sale	2,222,964	-
Stores held for sale	12,122,745	-
	22,360,029	**4,669,388**

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

8 LOANS TO DIRECTORS

	2008	2007
WJ de Wet		
Balance at beginning of the year	204,845	-
Additions through business combinations	-	54,133
Portion paid	-17,041	-
Advances	-	150,712
	187,804	**204,845**

The loan to the director is unsecured and interest free with no fixed terms of repayment.

There is no material difference between the fair value of the loan to the director and its book value.

9 TRADE AND OTHER RECEIVABLES

	2008	2007
Trade receivables	16,797,521	11,251,928
Impairment of trade receivables	-702,110	-52,000
Net trade receivables	16,095,411	11,199,928
Deposits	184,554	-
Other receivables	562,439	968,719
Prepayments	376,379	-
Staff loans	38,495	-
Value added taxation	518,207	-
	17,775,485	**12,168,647**

Trade and other receivables pledged as security

Trade receivables to the value of R16,095,411 (2007: R9,531,239) were pledged as security for the Group's overdraft facilities of R3,000,000 (2007: R1,870,000). At year end the total overdraft of the Group amounted to Rnil (2007: R1,334,583).

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

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 29 February 2008, R 6,910,570 (2007: R1,633,918) were past due but not impaired.

Credit quality of trade and other receivables

The table below illustrates the trade receivables ageing analysis:

	2008	2007
Neither past due, nor impaired	9,253,702	9,566,010
Past due and not impaired	6,841,709	1,633,918
Past due and impaired	702,110	52,000
	16,797,521	**11,251,928**

	2008	2007
Ageing of past due and not impaired is as follows:		
30-60 days	2,172,103	-
60-90 days	1,801,877	942,133
90-120 days	983,247	103,369
120+ days	1,884,482	588,417
Total	**6,841,709**	**1,633,919**

As at 29 February 2008, trade receivables at nominal value of R702,110 (2007: R52,000) were impaired.
Movements in the provision for impairment of receivables were as follows:

Trade and other receivables impaired

	2008	2007
Impairment of trade receivables:		
Balance at 1 March	52,000	28,823
Provision for the year	1,036,257	91,281
Utilised in the year	-388,194	-68,991
Reversed in the year on collection of receivables	2,047	887
Balance at 29 February	**702,110**	**52,000**

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

10 CASH AND CASH EQUIVALENTS	**2008**	**2007**
Cash and cash equivalents consist of:		
Bank balances and cash on hand	10,931,728	7,437,356
Bank overdraft	-	-1,334,583
	10,931,728	**6,102,773**
Current assets	10,931,728	7,437,356
Current liabilities	-	-1,334,583
	10,931,728	**6,102,773**

Cash at the banks earns interest at floating rates based on daily bank deposit rates. The fair value of cash and short-term deposits is R10,931,728 (2007: R7,437,356)

The Group has overdraft facilities to the total of R3,000,000 (2007: R1,870,000) which are secured by a general session of debtors, and unlimited surety ship by Mr. WJ de Wet, Mr. CW Moolman, Placécol Holdings, CW Pharmaceuticals (Pty) Ltd, Salon quip (Pty) Ltd, Placècol Skin Care Clinic (Pty) Ltd, Placècol Properties (Pty) Ltd, Nomic 136 (Pty) Ltd and Placècol Beauty Centre Franchise (Pty) Ltd.

The total amount of undrawn facilities available for future operating activities and commitments	**3,000,000**	**535,417**

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

11 SHARE CAPITAL

	2008	2007
Authorised		
500,000,000 Ordinary shares of 0.01 cents each	**50,000**	**50,000**
Issued		
Ordinary	13,010	10,400
Share premium	44,070,773	19,975,896
Balance at the beginning of the year	19,975,896	-
Premium on shares issued	28,502,126	26,489,600
Less shares issue expenses written off	-2,007,489	-1,124,763
Less Treasury shares held	-2,399,760	
Less adjustment to purchase price (note 11.1)	-	-5,388,941
	44,083,783	**19,986,296**
Reconciliation of number of shares issued:		
Reported as at 01 March 2007	104,000,000	100
Subdivision of R1 shares into 0.01c shares	-	999,900
Issue of shares - ordinary shares	28,504,976	103,000,000
	132,504,976	104,000,000
Treasury shares held	-2,400,000	
	130,104,976	**104,000,000**

Unissued ordinary shares are under the control of the shareholders in terms of a resolution of members passed at the last annual general meeting.This authority remains in force until the next annual general meeting.

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

- 11 893 332 ordinary shares repurchased as authorised on the annual general meeting of 2nd October 2008
- 19 806 322 ordinary shares will be repurchased, subject to shareholders' approval.

12 OTHER FINANCIAL LIABILITIES

	2008	2007
Held at amortised cost		
ABSA Mortgage bonds	1,369,127	1,426,971
Absa mortgage bonds bearing interest at an average effective rate of 11.89% (2007: 10.48%) per annum. The current monthly installment is R15,804 (2007: R14,315). These loans are secured by land and buildings with a book value of R1,419,791 (2007: R1,443,958) as per note 3.		
Installment sale agreements		
Liabilities under installment sale agreements bear interest at effective interest rates ranging from 16.36% (2007: average effective rate of 13.16%) per annum. The current monthly installment is R506, 622 (2007: R258,632),and these agreements are generally payable over a period of 48 to 60 months. The loans are secured by property plant and equipment with a book value of R2,586,478(2007: R5,595738) as per note 3, and by inventory with a carry value of R7,685,852 (2007 RNill).	8,677,905	5,030,295
ABSA term loans		
Term loans bear interest at an average effective interest at prime per annum. The current monthly installment is R120,354 (2007: R72,920), and these term loans are repayable over a period of 24 to 36 months. The loans are secured by unlimited surety ship by Mr. WJ de Wet, Mr. CW Moolman, Placécol Holdings Ltd, CW Pharmaceuticals (Pty) Ltd, Salon quip (Pty) Ltd, Placécol Skin Care Clinic (Pty) Ltd, Placècol Properties (Pty) Ltd, Nomic 136 (Pty) Ltd and Placècol Beauty Centre Franchise (Pty) Ltd.	3,500,000	855,445
Loans from directors		
The loans are unsecured and interest free.	-	154,954
	13,547,032	**7,467,665**
Non-current liabilities		
At amortised cost	9,543,665	3,673,959
Current Liabilities		
At amortised cost	4,003,367	3,793,706
	13,547,032	**7,467,665**

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

13 FINANCE LEASE OBLIGATION

	2008	2007
Minimum lease payments due		
- within one year	324,073	327,024
- in second to fifth year inclusive	809,535	1,096,485
	1,133,608	1,423,509
less: future finance charges	-295,805	-412,625
Present value of minimum lease payments	**837,803**	**1,010,884**
Present value of minimum lease payments due		
- within one year	174,585	176,120
- in second to fifth year inclusive	663,218	834,764
	837,803	**1,010,884**
Non-current liabilities		
At amortised cost	663,218	834,764
Current liabilities		
Payable within one year at amortised cost	174,585	176,120
	837,803	**1,010,884**

The average lease term is 5 years (2007: 5 years) and the average effective borrowing rate is 16.34 % (2007: 14%). Interest rates are linked to prime at the contract date. All leases have fixed terms of repayment and no arrangements have been entered into for contingent rent.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets to the value of R746,187 (2007 R951,802). Refer note 3.

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

14 DEFERRED TAXATION ASSET (LIABILITY)

	2008	2007
Accelerated capital allowances for taxation purposes	-363,238	-424,575
Assets under finance lease	28,680	-21,714
Provisions for leave pay and - impairment of trade receivables	276,030	78,471
Operating lease accruals	281,362	177,327
Taxation losses available for set off against future taxable income	232,041	44,960
Recoverable through future use of assets	-	-103,918
Other temporary differences	1,760,755	1,068,399
	2,215,630	818,950

Reconciliation of deferred taxation asset (liability)

	2008	2007
At beginning of the year	818,950	-
Reduction due to rate change	-11,361	-
Additions through business combinations	-	-42,637
Originating temporary differences on tangible fixed assets	61,337	-142,887
Originating temporary differences on provision	197,558	24,231
Originating temporary differences on operating lease accruals	104,034	141,098
Originating temporary differences on finance leases	50,394	-36,965
Assessed loss	187,081	30,236
Future use of land and buildings	103,918	14,934
Other originating temporary differences	703,719	830,940
	2,215,630	818,950
Non-current asset	2,228,690	898,594
Non-current liabilility	-13,060	-79,644
	2,215,630	818,950

15 TRADE AND OTHER PAYABLES

	2008	2007
Trade payables	8,273,653	6,793,266
Deposits	212,273	476,200
Accrued leave pay	367,296	280,562
Other creditors	1,365,073	2,057,940
Value added Tax	1,004,710	491,149
	11,223,005	**10,099,117**

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

16 INCOME RECEIVED IN ADVANCE

Students of the Institute were invoiced during the month of January 2008 for their tuition and class fees for the entire year, be January 2008 to November 2008.
Of the total invoiced amount, R2,100,939 relates to the months of March 2008 to November 2008.

	2008	2007
	2,100,939	**3,051,941**

17 OPERATING PROFIT

Operating profit for the year is stated after accounting for the following:

	2008	2007
Operating lease charges		
Premises	2,935,418	1,691,970
Equipment	323,294	203,053
Client Manager Software	134,164	123,986
	3,392,876	**2,019,009**
Loss on sale of property, plant and equipment	136,863	5,558
Amortisation on intangible assets	-	8,804
Depreciation on property, plant and equipment	2,440,951	698,302
Employee cost	38,034,465	8,419,529
Fair value adjustments	201,724	156,962
Loss on foreign exchange	76,023	-
Number of employees at year end	409	388

18 AUDITORS' REMUNERATION

	2008	2007
- Audit fees paid	586,396	67,260

19 INVESTMENT INCOME

	2008	2007
Interest income		
Bank	605,573	67,499
Subsidiary Loan	-	
Receiver of Revenue	-	4,175
Long Term Loans	361,659	-
Installment sale agreements	17,296	-
	984,528	**71,674**

20 FINANCE COST

	2008	2007
Installment sale agreements	1,265,565	502,088
Finance leases	150,225	73,987
Bank	430,570	147,020
Term loans	167,993	138,979
Other interest paid	48,558	12,862
	2,062,911	874,936

21 TAXATION

Major components of the taxation expense (income)

	2008	2007
Current		
Local income taxation	4,368,864	1,353,325
Deferred		
Deferred taxation	-1,396,679	-861,587
	2,972,185	491,738

Reconciliation of the taxation expense

Reconciliation between applicable taxation rate and average effective taxation rate.

	2008	2007
Applicable taxation rate	29.0%	29.0%
Capital gains taxation	-1.9%	0%
Disallowable charges	5.9%	0.3%
Assessed losses utlised	-2.7%	0%
Assessed loss not recognised	0.0%	8.0%
Changes in rate of taxation	0.2%	0.0%
	30.6%	37.3%

22 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

	2008	2007
Earnings attributable to ordinary equity holders for basic earnings	6,739,394	828,919
Reconciliation of headline earnings:		
Earnings attributable to ordinary equity holders for basic earnings	6,739,394	828,919
Adjusted for:		
Loss on sale of property, plant and equipment	97,172	1,000
Profit on sale of intellectual property	-1,073,966	-
Headline earnings	5,762,600	829,919
Weighted average number of ordinary shares at year-end for basic earnings per share calculation	118,349,658	94,355,556
Adjusted weighted average number of ordinary shares for basic earnings per share calculation as a result of 31 699 654 Placecol ordinary shares repurchased by the company	86,650,004	62,655,902
Earnings per share (cents)	5.7	0.9
Headline earnings per share (cents)	4.9	0.9
Adjusted earnings per share (cents)	7.8	1.3
Adjusted headline earnings per share (cents)	6.7	1.3

The 2 400 000 ordinary shares issued to the Placecol Holdings Share Incentive Scheme have been treated as "treasury" shares.The headline earnings per share calculations are not reflected, as the shares in the Share Incentive Scheme have been cancelled subequent to the 2008 year end.

The profit on sale of intellectual property, includes inter alia product formulations of the Stylique brand sold to Buhle Cosmetics (Pty) Limited.

23 DIRECTORS' EMOLUMENTS

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

2008	Directors fees	Salary	Retirement funds and medical aid contributions	Bonus	Total
EXECUTIVE DIRECTORS					
WJ de Wet	-	1,237,466	42,162	-	1,279,628
CW Moolman	-	1,182,082	37,608	-	1,219,690
KN Mckinnon *	-	756,576	-	-	756,576
RA du Toit *	-	738,000	-	-	738,000
	-	3,914,124	79,770	-	3,993,894
NON-EXECUTIVE DIRECTORS					
T Dingaan * (Paid by Holdings)	12,120	-	-	-	12,120
	12,120	-	-	-	12,120

2007	Directors fees	Salary	Retirement funds and medical aid contributions	Bonus	Total
EXECUTIVE DIRECTORS					
WJ de Wet		211,500	6,500	-	218,000
CW Moolman		221,000	-	-	221,000
RA du Toit *		110,000	5,750	-	115,750
KN Mckinnon *		157,500	8,500	-	166,000
	-	700,000	20,750	-	720,750

* Resigned

24 CASH GENERATED FROM OPERATIONS

	2008	2007
Profit before taxation	9,711,579	1,320,657
Adjustments for:		
Depreciation and amortisation	2,440,951	707,106
Loss/(profit) on sale of assets	136,863	-
Loss/(profit) on sale of intangible assets	-1,256,100	-
Interest received	-984,528	-71,674
Finance cost	2,062,911	874,936
Fair value adjustments	201,724	156,962
Movements in operating lease liabilities	-116,509	206,589
Movement in income received in advance	-951,002	3,051,941
Changes in working capital		
Inventories	-15,297,160	-252,847
Trade and other receivables	-3,501,577	-1,266,084
Student loans and client financing	-3,875,378	
Trade and other payables	-1,628,580	-2,450,435
Student loans	-	-814,601
	-13,056,806	1,462,550

25 TAXATION (PAID)/REFUNDED

	2008	2007
Balance at beginning of the period	-1,493,534	-
Additions through business combinations	-888,036	-140,209
Current taxation for the period recognised in income statement	-2,972,185	-491,738
Adjustment for deferred taxation	-1,396,679	-861,587
Balance at end of period	4,390,288	1,493,534
	-2,360,146	-

26 ACQUISITIONS OF BUSINESSES

	2008	2007
Fair value of net assets acquired		
Non-current assets	1,054,158	15,956,554
Current assets excluding cash and cash equivalents	4,653,344	16,859,993
Cash and cash equivalents	-136,607	-830,776
Non-current liabilities	-2,724,641	-15,997,420
Current liabilities	-3,640,505	-10,405,269
Total net assets acquired	-794,251	5,583,082
Goodwill on acquisition	12,315,702	8,097,441
	11,521,451	**13,680,523**
Consideration paid		
Equity	6,104,976	13,680,523
Cash and cash equivalents	5,416,475	-
	11,521,451	**13,680,523**
Net cash outflow on acquisition		
Consideration paid	5,416,475	-
Overdrafts /(Cash and cash equivalents) acquired	136,607	830,776
	5,553,082	**830,776**

27 COMMITMENTS AND CONTINGENCIES

Operating leases - as lessee(expense)	**2008**	**2007**
Minimum lease payments due		
▪ within one year	9,038,749	6,510,929
▪ in second to fifth year	24,850,534	11,763,055
	33,889,283	18,273,984

Operating lease payments represents rentals payable by the Group for certain of its office properties and outlets. Leases are negotiated for an average term of three years. No contingent rent is payable. Premisses are sublet to franchisees who's lease payments within one year amounts R589,689 and in second to fifth year R7,334,393.

Tax consequences of undistributed reserves

STC on remaining reserves	688,028	92,102

Surety
ABSA Bank hold unlimited suretyships for credit facilities granted to the Group, supplied by:

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

Litigation
A claim of R345 498 was instituted against a subsidiary. The directors are confident that the claim will not succeed. Legal costs are estimated at R30,000.

28 RELATED PARTIES

Relationships	Related party
Company with common directors	Xenon Technologies (Pty) Ltd
	Mooldew CC
	Elroi Investments (Pty) Ltd
	Salonquip (Pty) Ltd
Directors of the company	WJ de Wet
	CW Moolman
	RA du Toit
	S Morgan

	2008	2007
Related party balances		
Loan accounts - owing (to)/by related parties		
WJ de Wet	187,805	204,845
CW Moolman	-	-19,489
JH Heystek	-	89,894
JT Strydom	-	90,736
AF Brown	-	-135,343
Salonquip (Pty) Ltd	-	239,242
Trade receivables regarding related parties		
Salonquip (Pty) Ltd		800,000
Related party transactions		
Interest paid to (received from) related parties		
WJ de Wet	-	21,817
Rent paid to (received from) related parties		
Elroi Investments (Pty) Ltd	1,676,794	159,517
Xenon Technologies (Pty) Ltd	1,130,344	257,519
Compensation paid to senior management		
JG Strydom	518,976	-

29 RISK MANAGEMENT

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

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

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

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

The following table summarises the carrying amount of financial assets and liablities recorded 29 February 2008 by IAS 39 category:

	2008 R	2007 R
FINANCIAL ASSETS		
Cash and cash equivalents	10,931,728	7,437,356
Available for sale investments	187,805	204,845
Loans and receivables	23,399,872	14,193,534
	34,519,405	21,835,735
FINANCIAL LIABILITIES		
Measured at amortised cost:		
- Borrowings	14,384,835	8,478,549
- Trade payables	11,223,007	10,099,116
- Taxation	4,390,288	1,493,534
Bank overdraft	-	1,334,583
	29,998,130	21,405,782

As at 29 February 2008	Less than one year	Between 2 and 5 years
Secured borrowings	4,177,952	10,206,883
Taxation	4,390,288	-
Trade and other payables	11,223,007	-
	19,791,247	10,206,883

As at 29 February 2007	Less than one year	Between 2 and 5 years
Secured borrowings	3,814,872	4,508,723
Unsecured borrowings	154,954	-
Bank	1,334,583	-
Taxation	1,493,534	-
Trade and other payables	10,099,116	-
	16,897,059	4,508,723

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

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

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

Interest rate risk

Financial assets and financial liabilities that are sensitive to interest rate risk are cash equivalents, bank overdrafts, loans receivable and payable.

The interest applicable to these financial instruments are on a floating basis in line with those currently available in the market.

Sensitivity analysis

A hypothetical increase in interest rates by 100 basis points, with all other variables remaining constant, would decrease profit after tax by R83,568 (2007: R104,402)

The analysis has been performed for floating interest rate financial liabilities and cash. The impact for a charge in interest rates on floating interest

rate financial liabilities has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses.

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

Credit risk

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

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

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

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

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

Fair values

Fair values verses carrying amounts.

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

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

RISK MANAGEMENT NOTE (CONTINUES)

Capital management

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

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

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

30 SEGMENT INFORMATION

For management purposes, the group is organised into business units based on their products and services, and has two reportable operating segments as follows:
The Brand segment which handles the sales and marketing of skincare and nail products through a combination of it's own retail outlets, franchises and third party outlets such as pharmacies and large retail chain stores as well as the sales of beauty centre franchises.
The Supply chain and Support segment which handles the manufacturing and distribution of skin care products, the supply and installation of industry specific equipment, the training of beauty therapists, as well as administrative services.
Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.
Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

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

Year ended 28 February 2007	**Brands**	**Supply chain & Support**	**Adjustments and Eliminations**	**Consolidated**
Revenue				
Third party	17,688,663	2,879,550	-	20,568,213
Inter-segment	3,837,000	2,456,000	-6,293,000	-
Total revenue	21,525,663	5,335,550	-6,293,000	20,568,213
Results				
Depreciation and amortisation	664,680	42,426	-	707,106
Segment profit	1,030,112	290,545	-	1,320,657
Assets				
Capital expenditure	14,299,396	1,497,015	-	15,796,411
Operating assets	44,654,178	5,186,227	-	49,840,405
Operating liabilities	23,092,304	2,565,812	-	25,658,115

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

Geographic information
The group operates in one geographical segment.

31 COMPARATIVE FIGURES

The prior reporting period was for 3 months, therefore comparative amounts are not comparable to the current balances.
The comparative figures were adjusted pertaining to the cost of a business combination which was contingent of future performance of the Group, as more fully disclosed in note 11.1.
The effect of the adjustment was a reduction of share premium and goodwill of R 5,388,940.

32 SCHEDULE OF INVESTMENTS IN SUBSIDIARIES

Name	Main Business	Share capital	Interest		Shares		Amounts owing by/ (to) subsidiaries	
			2008	2007	2008	2007	2008	2007
		R	%	%	R	R	R	R
Direct								
Placecol Cosmetics (Pty) Ltd	2	1,002,000	100%	100%	10,428,202	10,313,448	5,197,255	1,267,147
Nomic 136 (Pty) Ltd (Dreamnails)	3	120	100%		11,406,697		35,276	
CW Pharmaceuticals (Pty) Ltd	1	102	100%	100%	102	102	-117,319	-
Indirect								
Placecol Skin Care Clinic (Pty) Ltd	6	100	100%	100%			73,764	4,620,635
Placecol Beauty Centre Franchise (Pty) Ltd	3	120	100%	100%			8,220,746	-
Placecol Properties (Pty) Ltd	4	100	100%	100%			2,523,704	
Salonquip (Pty) Ltd	5	950	100%				33,746	
					21,835,001	10,313,550	15,967,172	5,887,782

Main business

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

33 Revised financial statements

The annual financial statements for the year ended 29 February 2008, which were issued on 8 September 2008, were withdrawn. The audit identified shortcomings of the financial department. The Board has appointed a new CFO who addressed the shortcomings which necessitated additional adjustments and reallocations.

Balance Sheet AT 29 FEBRUARY 2008

	Notes	2008 R	2007 R
Non-current assets		21 835 001	10 313 550
Investments in subsidiaries	5	21 835 001	10 313 550
Current assets		25 248 525	10 009 178
Loans to group companies	6	16 084 491	5 887 782
Trade and other receivables	7	4 950	30 098
Cash and cash equivalents	3	9 159 083	4 091 298
TOTAL ASSETS		47 083 528	20 322 728
EQUITY		44 318 754	19 978 067
Share capital	4	44 083 783	19 986 296
Retained income		234 971	(8 229)
LIABILITIES		2 731 025	344 661
NON-CURRENT LIABILITIES		1 425 518	–
Other financial liabilities	9	1 425 518	–
CURRENT LIABILITIES		1 339 253	344 661
Loans from group companies	6	117 319	–
Other financial liabilities	9	574 482	–
Current tax payable		294 350	–
Trade and other payables	8	353 102	344 661
TOTAL EQUITY AND LIABILITIES		47 083 528	20 322 728

Income Statement FOR THE YEAR ENDED 29 FEBRUARY 2008

	Notes	2008 R	2007 R
Other income		1 050	–
Operating expenses		(719 245)	(50 296)
Operating loss	11	(718 195)	(50 296)
Investment revenue	12	1 256 310	42 067
Finance costs		(565)	–
Profit/(Loss) before taxation		537 550	(8 229)
Taxation	13	(294 350)	–
Profit/ (Loss) for the period		243 200	(8 229)

Statement of Changes in Equity FOR THE YEAR ENDED 29 FEBRUARY 2008

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 1 March 2006	100	–	100		100
Changes in equity			–		–
Profit for the year			–	(8 229)	(8 229)
Issue of shares	10 300	26 489 600	26 499 900		26 499 900
Adjustment as result of					
		(5 388 941)	(5 388 941)		(5 388 941)
Issue costs written off		(1 124 763)	(1 124 763)		(1 124 763)
Total changes	10 300	19 975 896	19 986 196	(8 229)	19 977 967
Balance at 1 March 2007	10 400	19 975 896	19 986 296	(8 229)	19 978 067
Changes in equity			–		–
Profit for the year			–	243 200	243 200
Dividend declared			–	–	–
Issue of shares	2 850	28 502 126	28 504 976		28 504 976
Issue costs written off		(2 007 489)	(2 007 489)		(2 007 489)
Treasury shares held	(240)	(2 399 760)	(2 400 000)		(2 400 000)
Total changes	2 610	24 094 877	24 097 487	243 200	24 340 687
Balance at 29 February 2008	13 010	44 070 773	44 083 783	234 971	44 318 754

Cash Flow Statement FOR THE YEAR ENDED 29 FEBRUARY 2008

	Notes	2008 R	2007 R
Cash flows from operating activities			
Cash (utilised)/generated from operations	14	(684 606)	264 268
Interest income		1 256 310	42 067
Interest paid		(565)	–
Net cash from operating activities		571 139	306 335
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in subsidiaries		(5 416 475)	(103)
Net amounts paid to group companies		(10 079 390)	(5 887 782)
Net cash from investing activities		(15 495 865)	(5 887 885)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received		2 000 000	–
Proceeds on share issue		17 992 511	9 672 748
Net cash from financing activities		19 992 511	9 272 748
Total cash moved for the period		5 067 785	4 091 198
Cash at the beginning of the period		4 091 298	100
Total cash at end of the period	3	9 159 083	4 091 298

Accounting Policies

1. ACCOUNTING POLICIES

Please refer to the group accounting policies on pages 14 to 21

2. INVESTMENTS IN SUBSIDIARIES

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

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

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

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

Loans to/from group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries and sub-subsidiaries.

Loans to group companies are classified as loans and receivables. Loans from group companies are classified as financial liabilities.

3. CASH AND CASH EQUIVALENTS

	2008	2007
Cash and cash equivalents consist of:		
Bank balances	9 159 083	4 091 298

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

4. SHARE CAPITAL

Please refer to Group note 11 on page 25.

5. INVESTMENTS IN SUBSIDIARIES

Please refer to group note 32 on page 38.

6. LOANS TO/(FROM) GROUP COMPANIES

Subsidiaries		
Placécol Skin Care Clinic (Pty) Ltd	73 764	4 620 635
Placécol Beauty Centre Franchise (Pty) Ltd	8 220 746	–
Placécol Properties (Pty) Ltd	2 523 704	–
The unsecured loan bears interest at 10.5% and no fixed terms of repayment have been agreed upon.		
Placécol Cosmetics (Pty) Ltd	5 197 255	1 267 147
Dreamnails/Nomic 136 (Pty) Ltd	35 276	–
Salonquip (Pty) Ltd	33 746	–
CW Phamaceuticals (Pty) Ltd	(117 319)	–
The unsecured loan bears no interest and no fixed terms of repayment have been agreed upon.		
	15 967 172	5 887 782
Non-current assets		
Current assets	16 084 491	5 887 782
Current liabilities	117 319	–
	15 967 172	5 887 782

Credit quality of loans to group companies

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

Fair value of loans to and from group companies

There is no material difference between the fair value of property, plant and equipment and their book value.

Loans to group companies past due but not impaired

All loans to group companies have no fixed terms of repayment and are therefore not past due. No loans to group companies have been impaired in the current year.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

	2008	2007
7. TRADE AND OTHER RECEIVABLES		
Sundry Debtors	4 950	30 098

Trade and receivables pledged as security

Trade receivables were pledged as security for overdraft facilities of R nil (2007: R nil) of the company.

At year end the overdraft amounted to RNil – (2007: R Nil)

	2008	2007
Credit quality of trade and other receivables		
The table below illustrates the trade receivables ageing analysis:		
The aging of trade receivables at the reporting date was:		
Neither past due, nor impaired	4 950	30 098
Past due and not impaired	–	–
Past due and impaired	–	–
	4 950	30 098

It is the policy of the company to allow for 30 day payment terms.

Ageing of past due but not impaired is as follows:		
30 – 60 days	4 950	30 098
60 – 90 days	–	–
90 – 120 days	–	–
120+ days		
Total	4 950	30 098

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

8. TRADE AND OTHER PAYABLES

Trade payables	353 102	344 661

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

9. OTHER FINANCIAL LIABILITIES

At fair value through profit or loss

Held at amortised cost

ABSA Bank term loans	2 000 000	–

Term loan bearing interest at 14.295% per annum, repayable in monthly installments of R68 641. The loan is repayable over 36 months and the first installment is payable on 1 May 2008. Secured by suretyship per note 17 on page 47.

Non-current liabilities		
At amortised cost	1 425 518	–
Current liabilities		
At amortised cost	574 482	–
	2 000 000	–

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

10. DIRECTORS' EMOLUMENTS

Please refer to Group note 23 on page 30 for full details of directors emoluments.

	2008	2007
11. OPERATING LOSS		
Operating loss for the year is stated after accounting for the following:		
Employee costs	12 120	50 259
12. INVESTMENT REVENUE		
Interest revenue		
Loans to group company	815 151	–
Bank	441 159	42 067
	1 256 310	42 067
13. TAXATION		
Major components of the tax expense		
Current		
Local income tax	294 350	–
Deferred		
Deferred tax	–	–
	294 350	–
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	29.0%	–
Assessed loss utilised	(0.4%)	–
Disallowable charges	26.2%	–
	54.8%	–
14. CASH GENERATED FROM OPERATIONS		
Operating profit	(718 195)	(50 296)
Changes in working capital		
Trade and other receivables	25 148	(30 097)
Trade and other payables	8 441	344 661
	(684 606)	**264 268**

	2008	2007

15. AUDITORS REMUNERATION

Fees	193 488	–
Other services	119 918	–
Tax and secretarial services	–	–
	313 406	–

16. RELATED PARTIES

The Company has a related-party relationship with its subsidiaries (refer to Group note 32)

Directors

W J De Wet
C W Moolman
R A Du Toit (resigned 30 October 2008)
T Dingaan (resigned 1 August 2008)
C E Chimombe-Munyoro (resigned 1 August 2008)
S M du Toit (appointed 1 August 2008)
C Nkosi (appointed 25 August 2008)
S Morgan (appointed 3 October 2008)

Interest paid to (received from) related parties

The company received interest from subsidiaries	815 151	–

Compensation paid to directors

T Dingaan	12 120	–

17. CONTINGENCIES

Tax consequences of undistributed reserves

STC on remaining reserves	26 108	–

Suretyships

Unlimited suretyships given to ABSA Bank Limited on behalf of:

Placécol Cosmetics (Pty) Ltd

Placécol Skincare Clinic (Pty) Ltd

CW Pharmaceuticals (Pty) Ltd

Nomic 136 (Pty) Ltd

Placécol Properties (Pty) Ltd

Salonquip (Pty) Ltd

Placécol Beauty Centre (Pty) Ltd

18. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

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

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

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

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate 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 following table summarises the carrying amount of financial assets and liabilities recorded at 29 February 2008 by IAS 39 category:

	2008	**2007**
Financial assets		
Cash and cash equivalents	9 159 083	4 091 298
Financial assets at fair value through the income statement	–	–
Available for sale investments	–	–
Loans and receivables: Trade and other receivables	16 089 441	5 917 880
Held-to-maturity investments	–	–
Balance at 29 February 2008	25 243 574	10 009 178
Financial liabilities		
At fair value through the income statement	–	–
Measured at amortised cost:		
– Borrowings	2 117 319	–
– Trade and other payables	353 102	344 661
Measured at amortised cost:		
Balance at 29 February 2008	2 470 421	344 661

Liquidity Risk

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

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

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

As at 29 February 2008	**Less than one year**	**Between 2 and 5 years**
Secured borrowings	574 482	1 425 518
Unsecured borrowings	–	–
Trade and other payables	353 102	–
	927 584	1 425 518
As at 28 February 2007		
Secured borrowings	–	–
Unsecured borrowings	–	–
Trade and other payables	344 661	–
	344 661	–

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

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

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

Interest rate risk

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

Sensitivity analysis

A hypothetical increase in interest rates by 100 basis points, with all other variables remaining constant, would decrease profit after tax by R27,396 (2007: R421), The analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

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

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

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

Credit risk

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

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

Trade receivables relates to other debtors as the company do not trade in goods or services. Refer to note 7 for details on the quality of trade receivables.

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

	2008	**2007**
Other financial assets	–	–
Trade and other receivables	4 950	30 098
Cash and cash equivalents	9 159 083	4 091 298

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

Fair values

Fair values versus carrying amounts:

Cash and short-term investments:

The carrying amount approximates fair value because of the short maturity of those instruments.

Trade and other receivables/ payables:

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

Capital management

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

Shareholder Analysis

Register date: 29 February 2008
Issued share capital: 132 504 976

SHAREHOLDER SPREAD	Number of shareholders	Percentage	Number of shares	Percentage
1 – 1 000 shares	17	4.50	10 231	0.01
1 001 – 10 000 shares	121	32.01	706 648	0.53
10 001 – 100 000 shares	169	44.71	6 688 919	5.05
100 001 – 1 000 000 shares	53	14.02	17 365 866	13.11
1 000 001 shares and over	18	4.76	107 733 312	81.30
	378	**100.00**	**132 504 976**	**100.00**

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	Percentage	Number of shares	Percentage
Broker	2	0.53	1 355 000	1.02
Close Corporations	13	3.44	13 183 561	9.95
Endowment Funds	1	0.26	192 000	0.14
Individuals	314	82.80	82 426 257	62.20
Medical Aid Schemes	1	0.26	275 800	0.21
Mutual Funds	1	0.26	2 900 000	2.19
Nominees and Trusts	16	4.23	8 011 488	6.05
Other Corporations	5	1.32	2 171 035	1.64
Pension Funds	1	0.26	1 875 000	1.42
Private Companies	22	5.82	11 464 835	8.65
Public Companies	1	0.26	6 250 000	4.72
Share Incentive Scheme	1	0.26	2 400 000	1.81
	378	**100.00**	**132 504 976**	**100.00**

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholdings	Percentage	Number of shares	Percentage
Non-Public Shareholders	**7**	**1.85**	**66 970 909**	**50.51**
Directors of the company	6	1.59	64 570 909	48.70
Share Trust	1	0.26	2 400 000	1.81
Public Shareholders	**371**	**98.15**	**65 534 067**	**49.49**
	378	**100.00**	**132 504 976**	**100.00**

Beneficial shareholders holding of 3% or more	Number of shares	Percentage
Mizzentop Investments CC	**10 176 681**	**7.68**
I Capital (Pty) Limited	**6 341 835**	**4.79**
Liberty Life Assurance of Africa Limited	**6 250 000**	**4.72**
Dreamway Business Trust	**5 494 478**	**4.15**