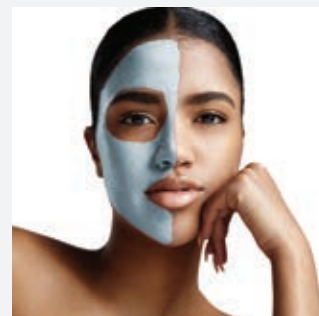
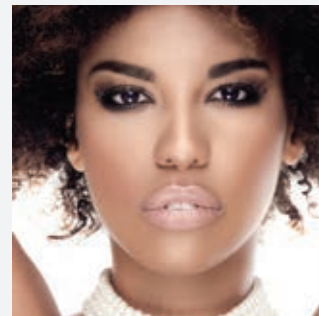


ctfa

COSMETIC TOILETRY & FRAGRANCE
ASSOCIATION OF SOUTH AFRICA





MISSION

The CTFA's role and responsibility are to support and develop a sustainable and respected South African Cosmetic Industry by proactively stimulating actions and developing tools that contribute to it's growth and the progress of its Members' while promoting consumer safety.

KEY ROLES

1. Promote a responsible regulatory environment
2. Focus on issues and activities important to Members by providing scientific strength and a credible co-ordinated voice to Government, the media and key Stakeholders
3. Create the most favourable economic and regulatory operating environment by advocating best practice and accountability
4. Align and optimise South Africa with global regulatory standards
5. Enhance the value of the Association to Members by addressing their local/international needs in an efficient manner
6. Promote social responsibility through the activities of the Look Good Feel Better programme

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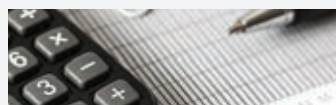
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EXECUTIVE COUNCIL

The CTFA Executive Council at the end of the year under review:



Mark Hobbs - Chairperson
Indigo Brands (Pty) Ltd



Priyan Pillay
Colgate-Palmolive (Pty) Ltd



John Knowlton
Cosmetic Solutions



Sandeep Rai
L'Oreal South Africa (Pty) Ltd



Wayne van Wyk
Vantage Specialty Chemicals (Pty) Ltd



Enrico Baldassarri
Revlon South Africa (Pty) Ltd



Ilse du Toit
Avon Justine (Pty) Ltd



Nizam Kalla
Amka Products (Pty) Ltd

Resignations from the Executive Council during 2016:

Maria Laughland // Henkel SA (Pty) Ltd

Ernest du Toit // Annique Health & Beauty (Pty) Ltd

CHAIRPERSONS REPORT

The role of the CTFA is becoming ever more important to our industry as we negotiate the introduction of new regulations. We all recognise that 2016 was an extremely challenging year for the economy and that 2017 is not likely to show a major upturn.



We will therefore need to further encourage the collaboration between ourselves the South African Cosmetics and Toiletries industry and government to continue to promote year on year growth. I believe the CTFA will be a vital player in the forthcoming year enabling this bringing together.

Last year I commented on the changes taking place within the CTFA I am pleased to report that Adelia Pimentel our new Executive Director has successfully taken over from Sally Gnodde and is driving us forward. She has been joined recently by Dershana Valla as our new Regulatory Affairs Manager; bolstering Judy Nobin our current Technical manager. The extra technical expertise has been welcomed in the push to address an ever developing regulatory environment.

2016 has been somewhat of a watershed year with the publication by the Department of Health (DoH) of the draft regulations relating to the labelling, advertising and

composition of cosmetics in terms of the Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972.

Our industry has been effectively self-regulated since 1994 and members have been compliant in all aspects to date. However the global regulatory environment has developed considerably over the last two decades and we do not want to find ourselves left behind. It is of great credit to the CTFA and our industry that the DoH has used our compendium in addition to the EU regulations to format the proposed draft regulations.

I believe the regulations are a positive step in building the future of our industry as long as we continue to be fully involved in their development and effective introduction. So far the CTFA has played a pivotal role in coordinating and consolidating member comments and concerns, regarding the proposed legislation. Post the submission of the comments a very successful meeting was held with the DoH, where a common

understanding was reached on the need to establish effective legislation in order to ensure a thriving cosmetics industry. The next steps to achieve this goal, including holding a joint workshop in the forthcoming months, were agreed by all parties.

It is evident that the need to develop strong relationships and improve engagement with all governmental bodies is critical to the growth of our industry. Having focussed on the cosmetics legislation so far, it should also be noted that there were a number of other potential changes to regulations that have required significant input from the CTFA team.

Challenges relating to the Biodiversity and Bioprospecting Act continue to be a source of frustration to our membership. Again good communication between CTFA and government, this time the Department of Environmental Affairs (DEA) has driven the issues to the table, with a major consultation session facilitated in February this year. The impact of impending waste legislation and



trade metrology rules have also required input and understanding.

Whilst the regulatory changes have taken a great deal of time it should not be forgotten we have continued to respond to numerous membership enquiries on ingredient requirements, on artworks and certificates for exporting.

The evolving role of the CTFA will offer ever greater benefits to our member companies with improved communication of information, knowledge sharing and connectivity to government organisations. This year I expect to see a robust plan for the future of the CTFA that supports all 151 members from our small fledgling local players through to our long standing

multi-nationals. A plan that ensures the CTFA will have the capability and capacity required by our membership.

I am pleased to see the development of the new team at the CTFA and how they have taken on the changing regulatory environment. I believe we are well placed to meet the demands of 2017.

I would like to thank those companies that have provided monetary support or product donations to the CTFA social programme.

The CTFA' social programme, Look Good Feel Better continues to provide unique support to cancer patients; 4037 in 2016 and an incredible 35618 since 2005.

I am humbled by the tireless effort of all 295 volunteers as they give up their time for those less fortunate on a regular basis. I am also extremely pleased that we are able to support those patients across all segments of society running workshops in public and private hospitals alike. Finally I would like to express my gratitude to the leaders of the organisation based in Johannesburg, but around the country constantly; Margaret Hewson, Charmaine van Schalkwyk and Glenda Hutchins.

Mark Hobbs || *Chairperson*



EXECUTIVE REPORT



Whilst considerable economic pressure in the cosmetic industry was prevalent in 2016, both locally and internationally, the CTFA team had a productive year by delivering on our commitments and enhancing our support to the CTFA members.

2016 was a year of change, restructuring and reviewing of strategies at the CTFA, in an industry where it seems the rate of change is not going to slow down anytime soon. The regulatory environment was abuzz with new developments and after 22 years of self-regulation, the much-anticipated Department of Health (DoH) draft regulations were released for comment. The CTFA together with a dedicated workgroup, made up of member companies, ensured that the comments submitted to the DoH were a true reflection of what the industry needs to survive and thrive within the legislative environment. While the industry stays self-regulated until promulgation occurs, we are certain that the mandated advice from our member base being communicated to the DoH by CTFA will position the industry well for the future.

2016 also signaled internal change at the CTFA. In February 2016, I started my role as the new Executive Director taking over an organization ready for the next step in its evolution. The ongoing quest for technical services at the CTFA that adequately addresses the needs of members, was addressed with an additional resource in a specialist position. Dershana Valla started at the CTFA, as Regulatory Affairs Manager, in June 2016 and joined Judy Nobin, Technical Manager, a specialist at the CTFA since April 2015.

In the first quarter of 2016 stakeholder engagement, both at industry and government level, was a focus for the CTFA. It is only through active engagement with members, industry and government alike that the CTFA is able to lobby for policies to improve the business environment in which members operate. The secondary focus was in adopting a diversified approach to member categories and benefits, ensuring that each member company's unique needs in navigating the ever-challenging socio-economic and regulatory environment is addressed by the CTFA.

Some key issues were addressed in 2016, whilst working alongside government on legislation and participating at various forums to address trade barriers impeding the advancement

of the cosmetic business sector. The Environmental Affairs Bioprospecting Forum and Work Groups focused primarily on aligning the industry on socio-economic, political and commercial challenges, with CTFA representation both at the Forum and four individual work groups. The 2016 agenda pursued avenues to resolve the pragmatic implementation of the Nagoya Protocol, the interpretation of NEMBA (National Environmental management of Bioprospecting Act) and BABS Act. As a result NEMBA Chapter 8 was put under review with a view to promulgate in 2019. A proposal for amnesty was also sent to the Minister to address the existing gap before promulgation.

The CTFA appointed a dedicated representative to attend the Department of Health (DEA) 5-week Bioprospecting Laboratory, held in August 2016. This forum addressed the Bio-diversity and Bio-economy value chain and culminated in a holistic approach in establishing the future approach to Bioprospecting.

The CTFA continued to address the Consumer Goods and Services Ombud's (CGSO) compulsory funding model through a legal platform, following the CTFA submission in the previous year, requesting a revision of the fee and a fair structure of the pricing model.





2016 saw the start of a collaborative effort between the Chemical & Allied Industries Association (CAIA) and the Aerosol Manufacturers' Association (AMA) in reviewing the readiness of local industry businesses to implement the Global Harmonised System (GHS) requirements. Assessing, on the one hand, if companies will be able to comply with the requirements in terms of access to information, administration and labelling and working on a platform for consumers, traders, government departments where current SDS information can easily be accessed.

Skin 'bleaching' has not only health but also political and social connotations in South Africa and this led to a very active rally occurring in Durban in August 2016, where hundreds of students and concerned citizens walked from King Dinuzulu Park to Gugu Dlamini Park in the city centre. Participants included the Department of Health (DoH), Department of Trade and Industry (Dti), various academic institutions and industry representatives. The CTFA attended this 'Anti- Skin Bleaching Campaign' rally and was part of the programme for the day.

The mandated message underpinned the government regulation notice R1227 and industry's unwavering support for consumer safety. The founder of this initiative is Professor Ncoza Dlova, Head of Department, Associate Professor of Dermatology and Chief Specialist at the University of KwaZulu-Natal, with whom CTFA have an ongoing rapport in areas of consumer safety and concerns from an industry perspective.

The publication of notice to the paper and packaging industry, electrical and electronic industry and lighting industry to prepare and submit to the minister Industry Waste Management Plans (IWMP) for approval, was published on the 12th September 2016. The CTFA submitted comments to the DEA on the 12th of October 2016 in response to Government Notice 1011. Due to the problematic nature of the draft regulations Business Unity South Africa (BUSA) led some of the discussions with all

stakeholders, including the DEA, in November 2016. A decision to republish the draft regulations with various amendments in 2017 was confirmed by the DEA.

CTFA attended various forums where the National Environmental Management Waste Act (59/2008): National Pricing Strategy for Waste Management was discussed. Concerned stakeholders debated the lack of a clear pricing strategy due to the specific needs of each of the sectors affected, including the cosmetics industry. A meeting with Treasury was scheduled for early 2017 to discuss the pricing strategy further.

Further to the National Consumer Commission (NCC) publishing a proposed industry code and Ombuds scheme for the Advertising and Marketing Industry Code of Practice in July 2016, the CTFA formed part of workgroups to rewrite the code and challenge the funding model. Feedback on the proposals submitted is expected from the NCC via the Advertising Standards Authority South Africa (ASASA) in early 2017.

I wish to thank the Board of Directors for their guidance and support in my first year at the CTFA. Thanks and recognition goes to our Members, who have contributed to the wellbeing of the CTFA and its role as the voice of the industry. Now more than ever, with the changes in the horizon in the regulatory environment the CTFA is well poised to make sure the industry thrives in the pending regulated environment.

2017 will no doubt be a momentous year and we are looking forward to it, together with our members.

Adelia Pimentel || Executive Director



The 'Anti-bleaching' rally in Durban city centre – 26 August 2016

FINANCIAL REPORT

While the Cosmetic Industry continues to face considerable external pressure as global and local economic uncertainty prevails, the CTFA has taken decisive steps to stay sustainable by focusing on the changes that are happening in the industry and adopting new strategies to stay ahead of new legislation.



Amongst our Association's greatest strengths is the unwavering commitment to build and grow our capabilities to ensure members' loyalty and growth and as a result the industry's future success. With an eye on the future we continue to make strategic decisions that position the CTFA as a leader in the regulatory space whilst keeping it financially healthy.

The period under review, 2016, was a financially successful year for the CTFA. With sound financial management the Association met the approved budget and reported a surplus. This was mainly due to sundry income and savings on positions which were either not filled or filled later in the year. Resignations were received from two staff members and only one position was filled, there was also the appointment

of one senior staff member in June 2016.

Income generated from membership grew by 6% over the prior year, due mainly to new members that joined the Association. We acquired 28 new members, bringing the total membership up to 151 subscribers.

Income generated from artwork reviews and compendium sales reflected a 73% increase over prior year and investment income a 49% increase. This boded well for the Association in closing the year above budget.

Operating Expenses were well controlled and reflect a 5.5% increase over last year, totalling R4,168,207 for the year. A total of 82 members enjoyed the benefit refund of

the early settlement offer. We will continue investing back into the organisation for the benefit of our members. Despite ongoing industry challenges, 2016 can be described as a time of openness, consultation, change, growth, consolidation, dialogue, lots of work but also tremendous camaraderie and teamwork.

Watermans have expressed willingness to continue as auditor for the next financial year and a resolution proposing their reappointment will be submitted at the forthcoming Annual General Meeting

Elmarie Groeneveld ||
Accountant



Diagram 1: Member categories 2016

A+AA Associates, AAR Retail B to N full Members

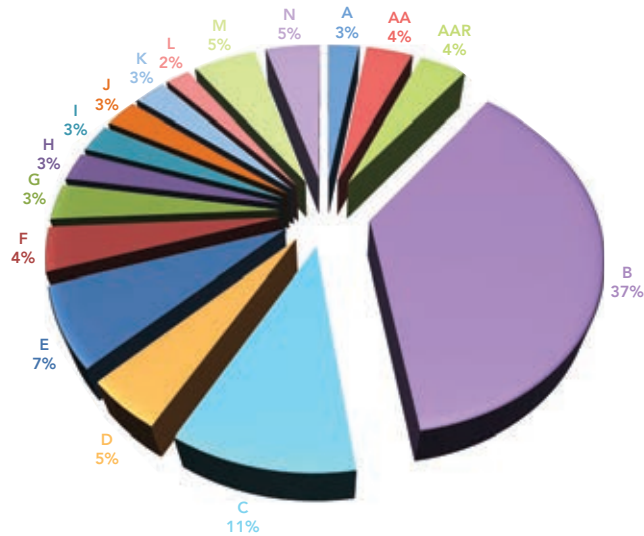
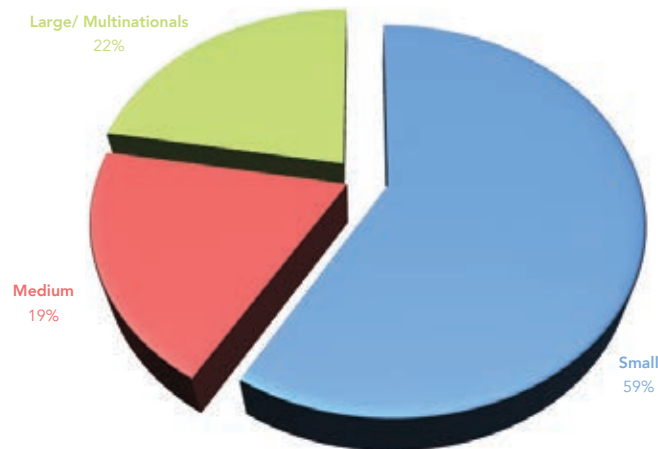


Diagram 2: CTFA Membership by size of companies

Small Medium Large/ Multinationals



New Members A-Z: Carlibest Trading Enterprises, DC Dezines, Dr Gobac, Eli-Bionatural International (Pty) Ltd, Forever New / The House of Busby, Genome Cosmetics (Obey your Body), Headboy Industries Inc, House of, Cheatham, Kanysa Skin Care (Pty) Ltd, Kwena Products Cape Town Pty(Ltd), Linseal Nigeria Limited, MNB Medicine Trading Co, Natural Suncare, Rolfe Laboratories (Pty) Ltd, Ruutos Consulting & Projects, Sibahle Skin Solutions t/a Portia M, Simply Bee Natural Beeswax Products Pty (Ltd), SoIn Africa AudioPro (Pty) Ltd , Steps Cosmetics Limited, Stern Laser (Pty) Ltd, Stuttafords International Fashion Company, TBC by Natures, The Care Co, The House of Aloes, Therific Ideas, Veda Herbal Care (Pty) Ltd, Websense Internet Solutions cc

LET'S GET TECHNICAL

Technical and regulatory services at the Cosmetic Toiletry and Fragrance Association of South Africa (CTFA) are at the core of the Association. The department consists of Judy Nobin, Technical Manager and Dershana Valla, Regulatory Affairs Manager.

Governmental developments within the legislative space set the tone for 2016 in carving out the technical deliverables. The CTFA actively engaged with government, stakeholders, industry and members in aligning and managing changes. The key focus for 2016 in the regulatory space was the publishing of the Advertising, Labelling and Composition of Cosmetics draft regulations by the Department of Health (DOH), which marked a significant milestone for the cosmetic industry in South Africa. Consistent stakeholder engagement was required throughout the year to ensure that the CTFA's voice was prominent in vocalising the industry's stance.



During 2016 The CTFA Technical Committee worked tirelessly by collaboratively contributing to ISO, SABS, Metrology Bill, Industry Waste Management Plans, DoH regulations, ASA code and related technical deliverables via strategic direction and work group participation.

Bioprospecting

Bioprospecting permits remained a contentious issue in 2016, with The Department of Environmental Affairs Bioprospecting Forum and Work Groups kicking-off in March. The forum focussed on understanding and aligning with Industry, Traditional Knowledge Holders, DEA mandate and stakeholder concerns and requirements, while the four individual work groups focussed on best practice guidelines, a simplified regulation system, BABS permit system and Traditional Knowledge and Benefit Sharing. These work groups delved into detailed discussions while tackling difficult and sensitive socio-economic, political and commercial aspects for alignment and resolution.

The Department of Environmental Affairs (DEA) indicated that the NEMBA Chapter 8 review and amendment process would be a long-term plan with promulgation in 2019 and would require the set-up of a multi-technical stakeholder task team with intensive forum engagement. An expression of interest to serve on the technical team for amendment of Chapter 8 of NEMBA (National Environmental Management: Biodiversity Act 2004 (act No .10 of 2004) was sent out by DEA on the 16th of September, for DEA team selection and notification. During this period, the CTFA combined forces with other stakeholders in escalating

industry concerns and requesting an amnesty from the Minister to address the existing gap until NEMBA promulgation in 2019. This subsequently led to the Amnesty proposal being submitted to the Minister in June 2016. The DEA emphasized that the Amnesty would be granted at the discretion of the Minister, and was not a guaranteed outcome which would need to undergo legal and expert review prior to the Minister's approval.

The DEA held a 5-week Bioprospecting Laboratory which culminated in the development of the BioPanza concept, which aims to establish a holistic and integrated approach with all parties involved in the Bio-diversity and Bio-economy value chain. The DEA further confirmed in November that the amnesty proposal was still under review due to numerous concerns with the current status quo remaining in alignment with NEMBA.



Industry Waste Management Plans

Government Notice 1011 – Publication of notice to the paper and packaging industry, electrical and electronic industry and lighting industry to prepare and submit to the Minister Industry

Waste Management Plans (IWMP) for approval, was published on 12 September 2016. The CTFA submitted comments to the DEA on 12 October 2016 in response to Government Notice 1011. Overall clarity was requested on the category of person or industry for registration and submission of IWMP and specific definitions in the notice; the requirement for the comprehensive IWMP content with a number of aspects falling out of the scope of the IWMP, consideration to revise the penalties, allowing for a notification and compliance period rather than imposed fining and imprisonment and further industry engagement. CTFA further aligned with the Consumer Goods Council of South Africa (CGCSA) via CGCSA commentary inputs for submission to DEA. A number of stakeholder interventions have since been held with DEA addressing key industry concerns about GN 1011.



Microplastics / Microbeads

On the 27 September the CTFA was invited to present at the DEA Microplastics Workshop, specifically addressing Microplastics /microbeads in cosmetics. The workshop was attended by both local and international representatives and the content ranged from the protection of the environment from plastic waste, reduction of plastic use and measures implemented by Plastics SA to combat marine plastic pollution to the EU Directive on protection of the environment from plastic waste. The CTFA informed the audience of industry's stance, progress and members ongoing commitment to halt the use of non- biodegradable Polyethylene Microbeads by 2020, in alignment with the EU. The DEA acknowledged the industry awareness and proactive approach with regards to the microbeads.



Indigenous Knowledge System (IKS) Bill

The Portfolio Committee on Science and Technology invited interested parties and stakeholders to submit written comments on the Indigenous Knowledge System (IKS) Bill. The Bill seeks to provide for the protection, promotion, development and management of indigenous knowledge systems among other related criteria. Formal commentary submission was made by the CTFA on 15th December 2016, calling for clarity as laid out in the Nagoya Protocol, outlining conflicts and vagueness captured by the NEMBA Act (DEA) and IKS Bill (DST), the need for clarity with regards to definition, processes, timelines and cost, withdrawal of the IKS Bill, discussion and alignment with the DEA NEMBA Act, further consultation with industry, review, revision and then promulgation. Public consultation sessions are to be held at parliament from 24-26 January 2017.



SABS and ISO Conference

CTFA continued their supportive role to the South African Bureau of Standards (SABS) via key inputs into SABS TC 217 Committee and SANS 1557 –Sunscreen standard development which was initiated in the latter part of 2015 and is currently still under review.

The CTFA attended the ISO Conference held in June 2016 in Paris. ISO Work Group (WG) 7, Sun Protection Test Methods, was jointly attended by the CTFA and Heibrie Le Roux from Future Cosmetics. The resolutions reached at scheduled Work Group (WG) sessions were to revise ISO 24444:2010 Cosmetics Protection Test Methods –in vivo determination of the Sun Protection Factor, while allowing for a one month commentary period. The adhoc WG 1 was to continue its activities with regards to Minimum Criteria for in vitro SPF data, to qualify for ISO International Standard. Adhoc WG 2, responsible for the survey of existing in vitro SPF methods, recommended that a new work group be set-up to consider the link between the reported methods which were proposed for selection and the potential selected methods moving forward.

Analytical methods (WG 3's) decisions included moving forward

on ISO/AWI 21392 Cosmetics: 'Analytical Methods-Heavy Metals Traces Measurement in Cosmetics finished products using ICP/MS technique', where alignment on metallic elements selected (Lead, Cadmium, Arsenic, Chromium, Nickel, Cobalt and Antimony) was reached. Data to determine the applicability of ICP/MS technique in the case of Mercury for WG 3, and alignment to develop ISO/AWI 21392 Cosmetics-Analytical Methods Heavy Metals Traces Measurement in Cosmetics finished products, using ICP/MS technique under the Vienna Agreement with CEN/TC 392 Cosmetics under ISO lead, was circulated.

Further agreement was reached on Guidelines on the stability testing of cosmetic products, with revisions to be circulated to WG 3 for commentary. The ISO/DTR 18818 Cosmetics-Analytical methods-Detection and quantitative determination of Diethanolamine (DEA) by GC/MS would be reviewed with agreed modifications before going forward with publication. It was recommended that Cosmetics - Analytical methods - Development of a global approach for validation of quantitative analytical methods as a new work item in ISO /TC 217 work programme be put forward with a call for experts. The project leader was elected for presentation revision and circulation. WG 3 experts were informed that ISO 12787:2011 cosmetic-Analytical methods - validation criteria for analytical results using chromatographic techniques would be up for systematic review.

The CTFA noted the gap of notifying local industry about international regulatory notices issued by the World Trade Organisation (WTO). The Technical Barrier to Trade (TBT) notifications issued by WTO will impact export compliance and could potentially change future local regulations.

The Department of Trade and Industry's Cosmetics Steering Committee (CSC) made headway in 2016 by creating the CSC platform for industry, stakeholders and government to align on key issues thereby providing clarity on committee goal-setting for 2017. The CTFA continues to be part of this important forum.

Judy Nobin || *Technical Manager*



The CTFA would like to convey its gratitude to the Technical Committee who dedicate their expertise and resources in developing the framework for local industry compliance. **These Technical Committee (TC) members are:**

Allen Frank	- Amway South Africa (Pty) Ltd
Babalwa Manty	- Colgate Palmolive (Pty) Ltd
Caitlin Zipp	- Reckitt Benckiser
Charlton Christine	- L'Oreal South Africa (Pty) Ltd
Dineo, Modisaesi	- Croda SA (Pty) Ltd
Hussein, Kalla	- Amka Products (Pty) Ltd
John Knowlton	- Cosmetic Solutions CC
Linda, Edkins	- Johnson & Johnson (Pty) Ltd
Martin, Mason	- Revlon South Africa (Pty) Ltd
Nilgun Dayioglugil	- Avon Justine (Pty) Ltd
Njabulo Mthethwa	- Beiersdorf Consumer Products (Pty) Ltd
Patsy Rajah	- Glaxosmithkline Consumer Healthcare S.A (Pty) Ltd
Percy SIBANDA	- L'Oreal South Africa (Pty) Ltd
Pokazi Tetyana	- Avon Justine (Pty) Ltd
Robyn Brown	- Botanicchem CC
Rozanne Long	- Tiger Consumer Brands
Sikelelwa Gogo	- Colgate Palmolive (Pty) Ltd
Tallia Ficalbi-Hobbs	- New Clicks South Africa (Pty) Ltd
Thando, Mazibuko	- Proctor and Gamble South African Trading (Pty) Ltd
Wayne van Wyk	- Vantage Specialty Chemicals (Pty) Ltd
Zama, Duma	- Unilever South Africa (Pty) Ltd

REGULATORY AFFAIRS



The publishing of the Advertising, Labelling and Composition of Cosmetics draft regulations by the Department of Health (DOH) marked a significant milestone for the cosmetic industry in South Africa. Consistent stakeholder engagement was required throughout the year to ensure that the CTFA's voice was prominent in vocalising the industry's stance.

Following the published Government Notice R921 draft regulations relating to Advertising, Labelling and Composition of Cosmetics by the DOH for public comment on 19 August 2016, the CTFA invited members to participate in a work group - Cosmetic Regulation Review (CRR) - to analyse the draft content. Individual company representatives participated by brainstorming, discussing and submitting their comments and concerns on the draft regulations. The team followed an intense project plan to meet the submission deadline, with the CTFA collating the final document and submitting it to the DOH in November 2016. The key concerns raised in the submission included Safety, Product Information File (PIF), Good Manufacturing Practice (GMP), Product composition, Labelling and Product Claims and Advertising. Areas proposed for inclusion in the proposed draft regulation included in-market controls, obligation of the responsible person and alignment of the proposed draft regulation with SABS standards. The CTFA further communicated comments of the draft regulations with both the Personal Care Products Council (PCPC) in America and Cosmetics Europe (CE) in order to ensure global alignment and international support.

Post the submission of the comments, the CTFA had a further opportunity to present the key concerns raised by the Industry at the DOH offices, where the Regulatory Affairs Manager and the Executive Director met with DOH representatives. The engagement was positive and further opened the channel of communication with the department. Future engagement with the Registrar of the DOH was confirmed to discuss the potential industry impact and the future of the cosmetic industry.

Legal Metrology

On 18 March 2016, the Department of Trade and Industry issued Notice 331 of 2016 – Draft Metrology Bill, 2014 – Notice in terms of Section 38(4) of the Legal Metrology Act, for public comments. The CTFA submitted comments on behalf of the cosmetic industry, the main focus proposed that a single

regulation encompassing differing aspects of metrology would not be advisable, as updates and additions would become cumbersome thus reducing flexibility for the regulator and the industry.

SANS 289:2016

Edition 1.6 – Labelling requirements for prepackaged products (prepackages) and general requirements for the sale of goods subject to legal metrology control was published for industry comments. The CTFA submitted comments and post submission, a technical committee meeting was held at the SABS offices in September 2016, where the CTFA presented justifications for the proposed changes. Not all of the changes proposed were adopted, furthermore, considering the changes that had to be effected, the decision was made to work on edition 2.0. We are awaiting the new standard SANS 289:2016 Edition2.



Self-Monitoring and Action Committee (SMAC)

A work group that is tasked with addressing and handling non-compliance within the industry was set-up in 2016. The aim of this workgroup is to provide a platform for members to voice their concerns of identified cases of on-compliance within a self-regulated industry. With the impending regulations this work group will have an important role to play, as transgressors will be required to be made aware of the compulsory nature of the regulations. The CTFA will assist in providing guidelines for those companies that require it.

Advertising standards Association of South Africa (ASASA)

On the 26 July 2016, the National Consumer Commission (NCC), published a proposed industry code and ombuds scheme for public comment – Advertising and Marketing Industry Code of Practice. The CTFA partnered with several members of the ASASA to rewrite the code and challenge the proposed funding model. This was an opportune time to also update the 2016 Cosmetic Code, and with the approval of the Technical and the Executive Committees an updated and simplified version was submitted in November 2016, as part of the ASASA code submission for NCC accreditation. The revised ASASA code was submitted to the NCC by December 2016 with reservations surrounding the funding model and the overlap of jurisdiction of the various Ombuds' schemes. Feedback is expected from the NCC via the ASASA in early 2017.



International partnerships

The CTFA was invited to join the Sub-Saharan Africa Joint CE-PCPC Task Force. The role of the task force is to follow regulatory development in the Sub-Saharan region and to



promote global best practice. South Africa's regulatory reform is a standing agenda point at these meetings.

The mentioned highlights showcase some of the technical and regulatory work that was focal for the CTFA during 2016.

We would like to especially thank our members, partners, the Technical Committee and Working Group members for their invaluable support and active participation in helping the CTFA reach their technical and regulatory objectives.

We look forward to working closely with all stakeholders in 2017

Dershana Valla || *Regulatory Affairs Manager*

CTFA 2016 MEMBERS

Members' support of the Association's work is fundamental to the success of the CTFA's ability to make it possible for the sustainability of the South African cosmetic business sector.

The CTFA acknowledges and thanks the 2016 Members for their support and participation.

Botanica Natural Products (Pty) Ltd • DSM Nutritional Products SA (Pty) Ltd • Hexachem (Pty) Ltd • Lunar Pharmaceuticals (Pty) Ltd • Acti-Chem SA (Pty) Ltd • Croda SA (Pty) Ltd (AU02) • IEC AS • Vantage Speciality Chemicals (Pty) Ltd (Lipo Chemicals SA) • Swift Silliker Pty Ltd • Symrise (Pty) Ltd • Edcon (Pty) Limited • New Clicks South Africa (Pty) Ltd • Massmart Services • Pick and Pay Retailer (Pty) Ltd • Stuttafords International Fashion • Company (Pty) Ltd • Woolworths (Pty) Ltd • Al Rayan Trading • Cape Aloe SA (Pty) Ltd • Bellezza Laboratories Pty Ltd • B2 Herbal Products • Carlibest • Trading Enterprises • C I O Consulting • Connect Me • Cosmetic Answers • Clinical Aesthetic Distributors cc (Cosmotech) • CSIR • DC Dzines • DRA Pharmaceuticals • Eli-Bionatural International (Pty) Ltd • Headboy Industries Inc • Herbex (Pty) Ltd • Hersol Manufacturing Laboratories (Pty) Ltd • Innovata Pharmaceuticals • Kanysa Skin Care (Pty) Ltd • Kwena Products Cape Town (Pty) Ltd • Lahini Naturals • Linseal Nigeria Limited • Mangosuthu Univ of Tech - MUT • Marshall's Traditional Healthcare • MC Pharma Consulting • MeyPharma • MNB Medicine Trading Co • Natural Moisture (Pty) Ltd • Natural Suncare • RegimA International Skin Treatments cc • Repcillin CC • Ruutos Consulting & Projects • S M I Trading • Sallamander Concepts (Pty) Ltd • Saradox Pty Ltd • Sawen cc t/a Conoche Cosmetics • Seabright Trading & Investments • Sibahle Skin Solutions t/a Portia M • Sirius Scientific Development • Skin Kidz • SKN Logic/Corglen • SoIn Africa AudioPro (Pty) Ltd • Spanjaard Limited • Staedtler SA (Pty) Ltd • Steps Cosmetics Limited • Stern Laser (Pty) Ltd • Skoon Skincare (Tepra Manufacturing (Pty) Ltd) • TBC by Natures • Terres Australes t/as Terres D'Afrique • Forever New (The House of Busby) • TRB Consultancy Ltd • Tshwane University of Technology • Universal Cosmetics • Veda Herbal Care (Pty) Ltd • Wema Cosmetics cc • ZA Natural Care (Pty) Ltd • Zinplex Marketing cc • Aerosol & Cosmetic Works cc • Alcopac cc • Amber Products cc • Awesome Care (Pty) Ltd • BioEarth Manufacturing (Pty) Ltd • Creighton Products • Dr Gobac • Kingsley Heath (Pty) Ltd • Mijona International Co (Pty) Ltd • Needleless to Say • Rain Africa Innovations (Pty) Ltd • Simply Bee Natural Beeswax Products (Pty) Ltd • The Care Co • Therific Ideas • The Kendal Group • Websense Internet Solutions cc • Aloe Master Care (Pty) Ltd • Botanichem / Stability Testing Services cc • Gol-den Impex Investment • Ivodent cc • Nu Angle Medical • Sun Factor Laboratories cc • The Victorian Garden • Aspen Pharmacare • Bennett Brothers cc • Cachero Spa Developments t/a The Spa Consultants • Character Group • Cosmoderm cc/Van Dyk Pharmaceutical Products Ltd • GNL International (Pty) Ltd • House of Cheatham • Serendipity Toiletries (Pty) Ltd • Tartan Timbers (Pty) Ltd t/a SOiL • The Benwood Manufacturing & Packaging Co • Twincare International (Pty) Ltd • Cosmetix Pty Ltd • D & A Cosmetics (Long & Lasting) • L S Enterprises cc • Shield Chemicals (formerly Classic Crown • The House of Aloes • Willa Krause Promotions (Pty) Ltd (incorp DC Labs) • Avid Brands SA • Genome Cosmetics (Obey your Body) • Rolfe Laboratories (Pty) Ltd • Scent Pac cc (inc. African Extracts) • VVF Life Sciences • Cal-Mo (Pty) Ltd • Skin Rejuvenation Technologies (Pty) Ltd • Sunpac (Pty) Ltd • The Cape Town Toiletry Company • Brunational Cosmetics (Brunel Manufacturing) • Celltone (Pty) Ltd • Henkel South Africa (Pty) Ltd • Lee Chem Laboratories (Pty) Ltd • Amway SA LLC • Annique Skin Care Products (Pty) Ltd • Acdoco SA 2007 (Pty) Ltd • Nimue Skin Technology • Bayer Pty Ltd • Canway (Pty) Ltd • Galderma Laboratories • Marico South Africa (Pty) Ltd (NE04 - Enaleni) • Environ Skin Care (Pty) Ltd • Godrej South Africa (Rapidol) • Le-sel • Avroy Shlain Cosmetics (Pty) Ltd • Colgate-Palmolive (Pty) Ltd • GSK- GlaxoSmithKline Consumer Healthcare South Africa • Johnson & Johnson (Pty) Ltd • Procter & Gamble SA Trading (Pty) Ltd • Reckitt Benckiser South Africa (Pty) Ltd • Revlon South Africa (Pty) Ltd • Union Swiss (Pty) Ltd • Amka Products (Pty) Ltd • Avon Justine (Pty) Ltd • Beiersdorf Consumer Products (Pty) Ltd • Indigo Brands (Pty) Ltd • L'Oreal South Africa (Pty) Ltd • Tiger Consumer Brands • Unilever South Africa (Pty) Ltd

CTFA MEMBERSHIP

The Cosmetic, Toiletry & Fragrance Association of South Africa (CTFA) was formed in 1994 when it became evident that no matter how strong individual companies in the personal care sector were, they needed a united force for a stronger effect if they were to achieve their business and marketing goals.

Since inception, the purpose of the CTFA has been to guide Members on the South African Self-Regulatory Codes of Practice and Standards and to ensure that the cosmetic and personal care industry flourishes. The CTFA works with the industry sector, the South African Bureau of Standards, Department of Health, Department of Trade and Industry, amongst others and international accredited bodies to ensure alignment for a responsible industry in South Africa.

CTFA Objectives:

- To promote the strengths of a regulated industry
- To promote best practices by working with Members to ensure high quality products are manufactured to the highest possible standards
- To provide technical guidance and regulatory advice for Members, Government departments and other key stakeholders
- To assist in the growth of the South African cosmetic industry sector
- To assist manufacturers' access international markets by minimising possible regulatory barriers to export trade, thereby promoting export growth for Members and the economy
- To provide a forum for Members to network, collaborate and work together for the benefit of the cosmetic industry
- To provide communication to Members of the work carried out by the Association that is relevant to their business and the business sector in general.

Why is Membership Important?

The personal care business sector is an innovative, vibrant and competitive arena that is coupled with a rapidly moving regulatory environment. For this reason it is essential that manufacturers and brand owners are kept abreast of the latest changes and developments. Importantly, Members are extended the opportunity to be part of the decision making process that shapes the regulation and representations

that are made from time to time on behalf of the industry.

Your CTFA Membership can be seen, not only as a valuable asset to your company but also as:

- An 'insurance policy'
- A confidential base to sound out regulatory issues
- A source providing advance warning of legislative regulatory change to keep you ahead of competitors
- A base providing individual technical advice and guidance
- Our experienced technical staff are ready to provide confidential advice on regulatory issues relating to ingredients and packaging claims
- Our technical team is available to meet with members or a potential member on a one-to-one basis to engage with your concerns
- Our technical team reviews and reports on artwork with reference to the regulatory environment
- The industry voice, presenting the industry as reputable and responsible and dealing with issues in a brand-neutral manner
- A provider of documentation in the form of certificates of free sale that aids members with export consignments
- An opportunity to participate on working groups/committees who develop standards, in conjunction with south african bureau of standards, department of health and international norms.

- An industry representative, negotiating with government departments; south african revenue services, treasury and the department of trade and industry
- An opportunity to be part of the decision making process that shapes the regulation and representations that are made from time to time on behalf of the cosmetic industry

Categories of Membership:

1. **Full Members** – Manufacturers, Distributors, Contract Packers, Importers and Exporters of finished products.
2. **Associate Members** – Secondary level of cosmetic goods and service delivery. Suppliers of ingredients, raw materials, packaging etc., not involved in production, sales and marketing.
3. **Retail Members** – Retail Outlets with their own private label brands and resellers of finished products.

How do I become a Member?

Simply contact us and we will set up a first time free consultation at our offices, so that we can understand your particular business and product range/ranges. Should there be a perceived benefit for both parties, we would then encourage you to become a Member and assist you to comply with all Regulations.

Enquiries to:

Email - info@ctfa.co.za
Website - www.ctfa.co.za

TEAM CTFA



Adelia Pimentel
Executive Director



Judy Nobin
Technical Manager



Elmarie Groeneveld
Accountant



Dershana Valla
Regulatory Affairs Manager



Cindy Potgieter
Reception & Admin Support

LOOK GOOD FEEL BETTER

From small beginnings in 2004, when the programme was introduced to South Africa by the Cosmetic Toiletry and Fragrance Association it has now become a recognised and valued support programme offering workshops to patients in 39 public and private hospitals in seven major cities.

South Africa is one of 26 countries globally to offer the Look Good Feel Better (LGFB) programme to women, and some men, who are undergoing active cancer treatment. This is the only global programme which supports women facing all cancers with the specific focus on their emotional and social needs and wellbeing.

2016 proved to be another very successful and most rewarding year reaching 4045 patients in 361 workshops, a total of 35 626 patients since the inception of the programme in 2004.



LGFB's 280 volunteers across SA continue to show phenomenal dedication and support as they assist women with cancer to address appearance-related side-effects of their treatment. In a very real way this helps patients to take back control of their lives and restore self-esteem thus empowering them to deal with the disease and face the world with confidence.

Several volunteers have been with LGFB for well over 10 years. They, as well as all qualifying volunteers were invited to Recognition Breakfasts / Teas all generously sponsored by one of the following stunning venues: Saxon Hotel, (Johannesburg); The Oysterbox Durban, Protea Hotel Marine (Port Elizabeth); The Cullinan Hotel (Cape Town); Protea Hotel Willow Lake (Bloemfontein) and the Protea Fire and Ice, Pretoria. We were honoured to have been able to honour these amazing women as well as to salute and thank 7 regional coordinators and 39 hospital leaders all of whom selflessly give of their time, energy and expertise to assist and support other women at a very difficult time in their lives. The commitment and dedication of LGFB volunteers across SA is truly commendable, in particular those presenting the programme to at least 20 patients every two weeks in the very challenging public sector.

LGFB is indebted to the commitment of all members and sponsors without whom this programme would not be possible. Over 65 000 products were donated to be used as tools to address appearance related side effects of treatment and for volunteer gifting. In addition Avon Justine iThemba sponsored R530 000 for workshops, the patient bags and dinners at the LGFB Johannesburg and Zimbali Golf Days. AVI donated R494 960 to sponsor workshops at Charlotte Maxeke Johannesburg Academic Hospital and Tygerberg, Cape Town.

The LGFB Programme is dependent on and deeply grateful for the commitment and support of its Members who generously sponsor the

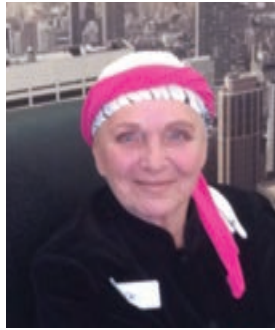
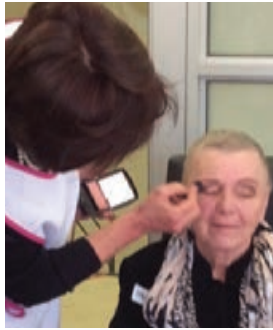


Margaret Hewson
Programme Director

Look Good Feel Better is the bridge between patients, brands, volunteers, hospitals, oncologists and the HEALING process.



look good
feel better



your input greatly. I have seen the smiles that you have put on people's faces. "

Words from a few LGFB participants facing the devastating emotional, invisible and visible side effects of cancer and its treatment:

"Thank you for helping me to feel feminine, cared for, even beautiful and confident. For me LGFB has been a life changing experience."

"The LGFB workshop was one of the most crucial moments in my life."

"I felt understood and that I was not alone."

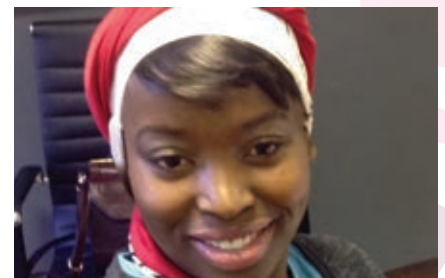
Look Good Feel Better is the cosmetic industry charity. A sincere call to ALL CTFA Members - pledge your support in 2017.

We help you to showcase your Corporate Social Responsibility and offer you a tangible opportunity to make a DIFFERENCE to those, who over many years, have supported your companies making them the success they are today.

required products used in workshops. Without these workshops cannot happen and patients cannot be supported in their real time of need. We are also deeply grateful to the LGFB Members, sponsors, volunteers and friends who again this year chose the programme as one of their charities: Avon Justine iThemba Walkathon; Port Elizabeth Breast Cancer Breakfast; Estée Lauder Companies Luncheons, Toogood Foundation; Caylex Fashion Show and i-Slices. In addition LGFB received financial donations from Environ; Clinique, Randpark Golf Club's Chairman's Fund, Savannah, L'Oréal Professional; Nedbank Local Hero's Award; NCP Alcohols; Dermatech, PE BWA; Pickn'Pay and The Angels. Special mention must be made of the phenomenal ongoing support given to LGFB by CDP Gifts, RAM, CABS Car Hire; Netcad, Tsogo Sun and Gary Rom Hairdressing.

The LGFB Golf Days held in Johannesburg and Zimbali were again resounding successes and have become 'a must' in the golfers' calendar. This year the Zimbali Golf Day was organised by the Durban volunteers who reached their target of raising over R166 000 for LGFB.

The credibility of the LGFB programme is evident from the pressing requests to expand to new hospitals, cities and regions in the words of Specialist Physician and Medical Oncologist, Dr Adam Nosworthy, "Your Involvement in the care of all our patients is crucial and I am sure I speak for everyone when I say they all value



FINANCIALS

COSMETIC TOILETRY AND FRAGRANCE ASSOCIATION OF SOUTH AFRICA

(voluntary association not for gain)
Annual Financial Statements
for the year ended 31 December 2016



watermans

GENERAL INFORMATION

Country Of Incorporation And Domicile	South Africa
Nature Of Business And Principal Activities	The Cosmetic Toiletry & Fragrance Association of South Africa (CTFA) represents and promotes the interest of its member companies. It is an authoritative voice for the industry in South Africa and actively articulates industry viewpoints to government departments. It continues to lead the industry forward with regard to setting regulations and standards, and encourages responsible advertising
Registered Office	Suite 702, Top floor, 1410 Eglin, 14 Eglin Road, Sunninghill, Sandton, 2191.
Business address	Baobab Business Park, 86 John Vorster Avenue, Randpark Ridge, 2156.
Postal address	P.O. Box 721, Randpark Ridge, 2156.
Bankers	First National Bank Limited.
Auditors	Watermans Chartered Accountants (S.A.) Registered Auditors
Preparer	The annual financial statements were independently compiled by: B.C. Graham C.A (S.A)



INDEX

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

General Information.....	.01
Independent Auditors' Report.....	.03
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Statement of Financial Position.....	.06
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Statement of Changes in Equity.....	.08
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Notes to the Annual Financial Statements.....	.11-14

INDEPENDENT AUDITORS' REPORT

TO THE EXECUTIVE COUNCIL OF COSMETIC TOILETRY AND FRAGRANCE ASSOCIATION OF SOUTH AFRICA.

We have audited the financial statements of Cosmetic Toiletry and Fragrance Association of South Africa set out on pages 6 to 14, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

EXECUTIVE COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The association's Executive Council is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the Executive Council determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of Cosmetic Toiletry and Fragrance Association of South Africa as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the requirements of the Companies Act of South Africa.

OTHER MATTER

Without qualifying our opinion we draw attention to the fact that supplementary information set out on pages 15 to 16 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 December 2016, we have read the Executive Council's Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Executive Council's Report is the responsibility of the Executive Council. Based on reading the Executive Council's Report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Executive Council's Report and accordingly do not express an opinion thereon.



Watermans
Registered Auditors
Partner
Per: T. Aarons

Suite 702, Top Floor, 1410 Eglin,
14 Eglin Road, Sunninghill, Sandton, 2191



EXECUTIVE COUNCIL'S RESPONSIBILITIES AND APPROVAL

The Executive Council is required by the South African Companies Act to maintain adequate accounting records and is 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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The Executive Council 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 Executive Council to meet these responsibilities, the Executive Council 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 endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Executive Council is 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the executive council have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The financial statements have been audited by the independent auditing firm, Watermans, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the Executive Council and committees of the Executive Council. The executive council believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 3.

The annual financial statements as set out on pages 6 to 14 were approved by the Executive Council on 31 January 2017 and were signed on their behalf by:

M. Hobbs (Chairperson)

M.A.L. Pimentel (Executive)

EXECUTIVE COUNCIL'S REPORT

The Executive Council have pleasure in presenting their report on the annual financial statements of Cosmetic Toiletry and Fragrance Association of South Africa for the year ended 31 December 2016.

1. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium sized Entities. The accounting policies have been applied consistently compared to prior year.

2. GOING CONCERN

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

3. EVENTS AFTER REPORTING DATE

The Executive Council is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect of the financial position of the entity.

4. EXECUTIVE COUNCIL

The members of the association during the year and to the date of this report are as follows:

M. Hobbs (Chairperson)
M.A.L. Pimentel (Executive) (Appointed 1 February 2016)
W. van Wyk
E. Baldassarri
P. Pillay
N. Kalla
S. Rai
J. Knowlton
I. Du Toit

5. AUDITORS

Watermans will continue in office as auditors.



STATEMENT OF FINANCIAL POSITION

FIGURES IN R	NOTES	2016	2015
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	67,473	67,628
Investments	4	4,414,411	4,198,684
		<u>4,481,884</u>	<u>4,266,312</u>
Current Assets			
Trade and other receivables	5	30,759	38,100
Cash and cash equivalents	6	1,731,140	1,272,564
		<u>1,761,899</u>	<u>1,310,664</u>
Total Assets		<u>6,243,783</u>	<u>5,576,976</u>
EQUITY AND LIABILITIES			
Equity			
Retained surplus		5,933,681	4,912,460
LIABILITIES			
Current Liabilities			
Trade and other payables	7	80,363	435,160
Deferred income	8	184,256	144,290
Provisions	9	33,098	79,841
Bank overdraft	6	12,385	5,225
		<u>310,102</u>	<u>664,516</u>
Total Equity and Liabilities		<u>6,243,783</u>	<u>5,576,976</u>

STATEMENT OF COMPREHENSIVE INCOME

FIGURES IN R	NOTES	2016	2015
Revenue		4,835,814	4,517,611
Cost of sales		(25,379)	(50,289)
Gross surplus		4,810,435	4,467,322
Other income	10	41,820	10,701
Operating costs		(4,168,207)	(3,968,173)
Operating surplus	11	684,048	509,850
Finance income	12	337,173	226,410
Surplus for the year		1,021,221	736,260



STATEMENT OF CHANGES IN EQUITY

FIGURES IN R

	Retained Surplus	Total
Balance at 1 January 2015	4,176,200	4,176,200
Surplus for the year	736,260	736,260
Balance at 31 December 2015	4,912,460	4,912,460
Balance at 1 January 2016	4,912,460	4,912,460
Surplus for the year	1,021,221	1,021,221
Balance at 31 December 2016	5,933,681	5,933,681

STATEMENT OF CASH FLOWS

FIGURES IN R	NOTES	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,021,221	736,260
ADJUSTMENTS FOR:			
Depreciation of property, plant and equipment		26,311	24,215
Investment income		(337,173)	(226,410)
Loss on disposal of property, plant and equipment		1,734	-
Movement in provisions		(46,743)	25,270
Movement in deferred income		28,692	(89,707)
OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES		694,042	469,628
WORKING CAPITAL CHANGES			
Decrease in trade and other receivables		7,341	74,546
(Decrease)/Increase in trade and other payables		(361,575)	414,796
CASH GENERATED BY OPERATING ACTIVITIES		339,808	958,970
Investment income		337,173	226,410
NET CASH FROM OPERATING ACTIVITIES		676,981	1,185,380
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment acquired	3	(27,890)	(13,260)
Proceeds on disposals of property, plant and equipment		-	1,141
Movement in other financial assets		(197,675)	(3,036,284)
NET CASH UTILISED IN INVESTING ACTIVITIES		(225,565)	(3,048,403)
Increase/(decrease) in cash and cash equivalents		451,416	(1,863,023)
Cash and cash equivalents at beginning of the year		1,267,339	3,130,362
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6	1,718,755	1,267,339



ACCOUNTING POLICIES

1. GENERAL INFORMATION

Cosmetic Toiletry and Fragrance Association of South Africa is a private company incorporated in South Africa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 REVENUE RECOGNITION

The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below:

2.2 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line

method. The following rates are used for the depreciation of property, plant and equipment: Gains or losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss in the period.

Furniture and fittings 16.67%
Office equipment 16.67%
IT equipment 33.33%

2.3 IMPAIRMENT OF NON-CURRENT ASSETS

At each balance sheet date, the carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If the fair value less costs to sell of an asset (or group of assets) is estimated to be less than its carrying amount, the carrying amount of the asset (or group of assets) is reduced to its fair value less costs to sell. An impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of assets) is increased to the revised estimate of its fair value less costs to sell, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.4 TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly

liquid investments with original maturities of three months or less. Bank overdrafts are shown under current liabilities on the statement of financial position.

2.6 EMPLOYEE BENEFIT OBLIGATIONS

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

2.7 TRADE PAYABLES

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.8 PROVISIONS

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN R

2016

2015

3. PROPERTY, PLANT AND EQUIPMENT

	COST	ACCUMULATED DEPRECIATION	2016 CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	2015 CARRYING VALUE
<i>Owned assets</i>						
Furniture and fittings	53,010	(23,085)	29,925	53,010	(14,249)	38,761
Office equipment	21,836	(8,132)	13,704	10,592	(10,377)	215
IT equipment	72,258	(48,414)	23,844	66,611	(37,959)	28,652
	147,104	(79,631)	67,473	130,213	(62,585)	67,628

The carrying amounts of property, plant and equipment can be reconciled as follows:

	CARRYING VALUE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS	DEPRECIATION	2016 CARRYING VALUE AT END
<i>Owned assets</i>					
Furniture and fittings	38,761	-	-	(8,836)	29,925
Office equipment	215	14,444	-	(955)	13,704
IT equipment	28,652	13,446	(1,734)	(16,520)	23,844
	67,628	27,890	(1,734)	(26,311)	67,473

	CARRYING VALUE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS	DEPRECIATION	2015 CARRYING VALUE AT END
<i>Owned assets</i>					
Furniture and fittings	47,613	-	(15)	(8,837)	38,761
Office equipment	1,035	-	(1)	(819)	215
IT equipment	31,076	13,260	(1,125)	(14,559)	28,652
	79,724	13,260	(1,141)	(24,215)	67,628

4. INVESTMENTS

StanLib Cautious Fund	4,395,154	4,180,710
Liberty Collective Investments	19,257	17,974
	4,414,411	4,198,684



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN R**2016****2015****5. TRADE AND OTHER RECEIVABLES**

Deposits	11,275	11,275
Value added tax	19,484	26,825
	30,759	38,100

6. CASH AND CASH EQUIVALENTS**Favourable cash balances**

Cash on hand	2,500	2,500
FNB - current account	146,713	111,829
FNB - salaries account	30,397	41,863
FNB - money market account	1,551,530	1,116,372
	1,731,140	1,272,564

Overdraft

Bank overdraft	12,385	5,225
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Current assets	1,731,140	1,272,564
Current liabilities	(12,385)	(5,225)
	1,718,755	1,267,339

7. TRADE AND OTHER PAYABLES

COIDA accrual	68,660	68,660
Other accruals	11,703	366,500
	80,363	435,160

8. DEFERRED INCOME

Annual membership fees received in advance	184,256	144,290
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN R

2016

2015

9. PROVISIONS

Leave pay accrual				33,098	79,841
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Reconciliation of provisions - 2016

	Opening balance	Additions	Utilised during the year	Total
Leave pay accrual	79,841	141,850	(188,593)	33,098

Reconciliation of provisions - 2015

	Opening balance	Additions	Utilised during the year	Total
Leave pay accrual	54,571	140,100	(114,830)	79,841

10. OTHER INCOME

Artwork income	34,250	-
Insurance refund	7,570	10,701
	41,820	10,701

11. OPERATING SURPLUS

Operating surplus is arrived at after taking into account the following items:

Depreciation and impairments

Owned assets

Furniture and fittings	8,836	8,837
Office equipment	955	819
IT equipment	16,520	14,559
	26,311	24,215



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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2016

2015

12. FINANCE INCOME

Interest income

Interest received - bank

337,173

226,410

13. INCOME TAXATION EXPENSE

No provision has been made for 2016 year. The association is exempt from tax on the types of income generated during the year due to its status as a Voluntary Association incorporated under Common Law and its tax exemption in terms of section 30 of the income Tax Act.

ctfa

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