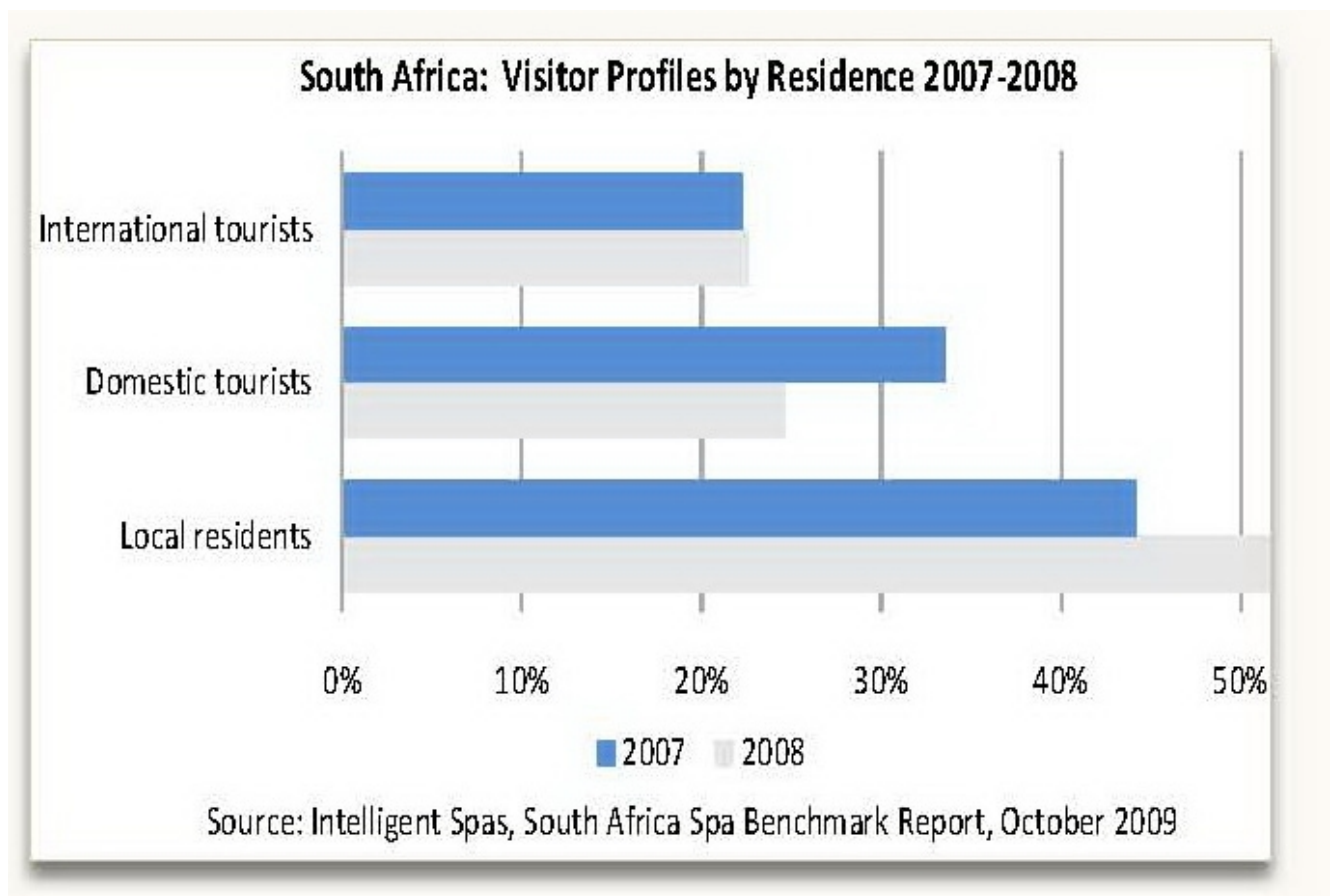


South Africa Spa Industry Fighting Off the Crisis

South Africa is home to over 200 spas which collectively generated revenue of ZAR380 million (approximately USD47 million) in 2008, according to Intelligent Spas' latest Spa Benchmark Report. Spas employed over 2,500 people, which was a 15% increase on 2007 employment numbers.

45% of spas were day spas (not co-located with accommodation) and 55% were destination spas incorporating hotel, resort and retreat spas offering overnight accommodation. The growth in hotel and resort spas developments was stronger than the number of new day spas over recent years.



The proportion of domestic tourists visiting spas fell in 2008 whereas the number of visits by local residents increased. International tourists made up over one fifth of visitors.

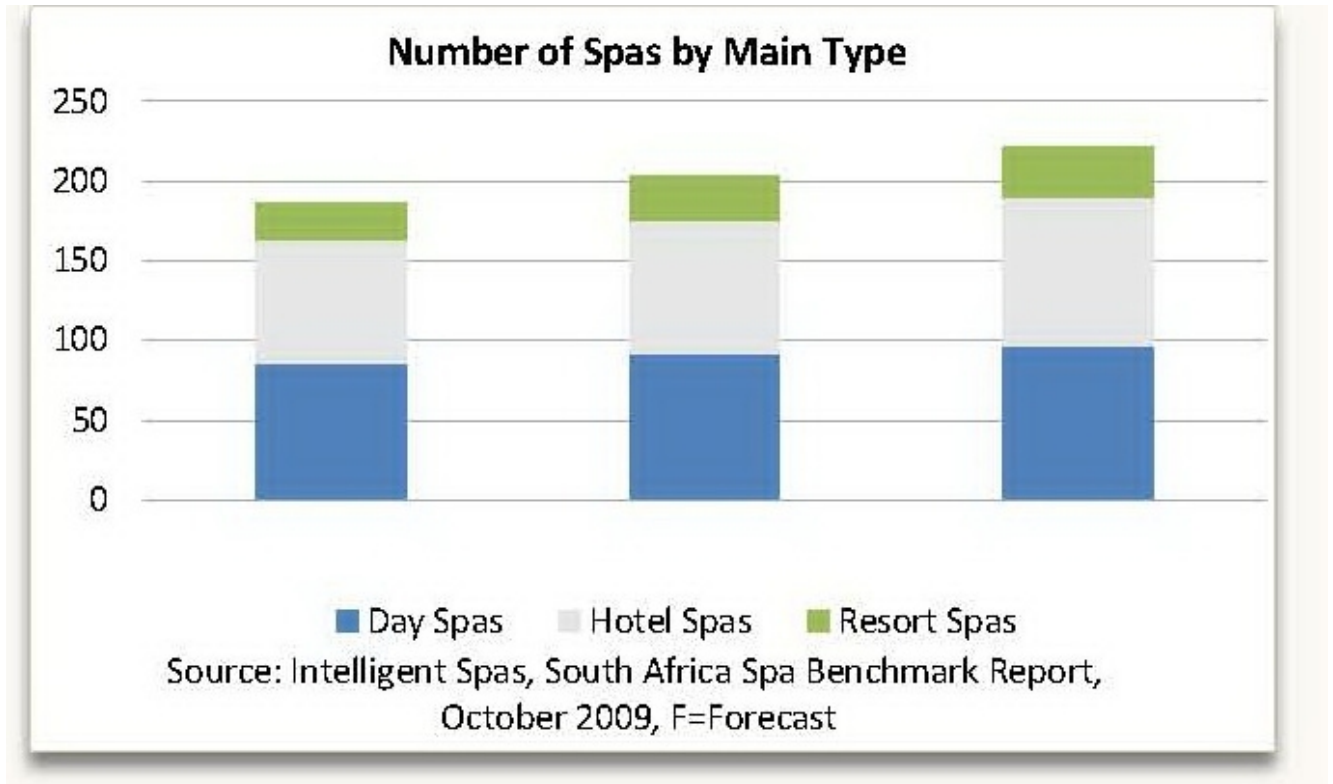
Over two thirds of visits to hotel spas were from people not staying in the adjoining hotel, highlighting the importance of hotel and resort spas also catering to their local markets in terms of operational policies and procedures and incorporating local day spas in their competitor analysis activities.

Other Survey Results

Treatment revenue per spa decreased by 16% between 2007 and 2008. Hotel spas achieved higher revenue per spa compared to day spas and resort spas. Day spas achieved more daily visits per spa on average compared to hotel and resort spas. Less than 30% of spa visits were from males. Prices of

standard spa treatments were higher at hotel spas in comparison to prices set by day spas and resort spas. 77% of respondents stated clients are more price sensitive explaining clients had requested discounts, packaged treatments and added value.

Industry Outlook



The South African spa market is performing relatively well despite the global economic conditions and spa owners and managers have a positive outlook based on the following predictions:

Spa numbers are forecast to grow by 8%. Visits to day spas are forecast to grow by 20%. Revenue per spa is predicted to increase into 2010.

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