Part A: Explanatory Notes Pursuant to Financial Reporting Standard ("FRS") 134

A1. Basis of preparation and accounting policies

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), and should be read in conjunction with the audited financial statements for the financial year ended 31 March 2011.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2011 except for the adoption of the following FRSs, Amendments to FRSs and Interpretations with effect from 1 April 2011.

On 1 April 2011, the Group adopted the following new and revised FRSs, Amendments to FRSs and Interpretations which are applicable to its financial statements and are relevant to its operations:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 1, FRS 3, FRS 7, FRS 101 FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and Amendments to IC Interpretation 13	Improvements to FRSs (2010)

IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

IC Interpretation 12 Service Concession Arrangements will also be effective for annual periods beginning on or after 1 July 2010. This IC Interpretation, is, however, not applicable to the Group.

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Frame work is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS141 Agriculture (MFRS141) and IC Interpretation15 Agreements for Construction of Real Estate (IC15), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2013. In presenting its first MFRS financial statements, the Group will be required to restate the financial position as at 1 April 2012 to amounts reflecting the application of MFRS Framework.

The Group has started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and is in the process of assessing the financial effects of the differences. Accordingly, the financial position as disclosed in these financial statements for the year ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2013.

A2. Auditor's report on preceding annual financial statements
The auditors' report on the financial statements for the financial year ended 31 March 2011 was unqualified.

A3. Comments about seasonal or cyclical factors
The business operations of the Group are customarily affected by seasonal and festivity sales.

A4. Unusual items due to their nature, size or incidence
There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year-to-date.

A5. Significant estimates and changes in estimates
There were no changes in estimates that had material effect on the current quarter and financial year-to-date results.

A6. Capital management, issuances, repurchases, and repayments of debts and equity instruments

The details of the issuance and repayment of debt and equity instruments in the current financial year-to-date are as follows:

	31 March 2012 RM'000
(a) Repayment of bank borrowings	5,841

A7. Dividends paid
No dividend was paid during the financial year-to-date.

A8. Segmental information

	Current Year Quarter Ended 31 Mar 2012		Current Year To Date Ended 31 Mar 2012	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales (Corporate Salon)	14,414	1,037	71,840	1,295
Product distribution	14,755	23	77,528	883
Others*	8,758	3,492	8,758	3,323
Total	37,927	4,552	158,126	5,501
Elimination	(6,729)	(2,766)	(25,786)	(635)
Consolidated	31,198	1,786	132,340	4,866

* Others mainly comprise of investment holding, investment in properties and management services.

A9. Property, plant and equipment

The property, plant and equipment of the Group are carried at cost less accumulated depreciation. Accordingly, no valuations have been brought forward from the previous annual financial statements.

A10. Subsequent event

There is no material event subsequent to the end of the current quarter, save as disclosed in note B7.

A11. Changes in composition of the Group

On 30 Jun 2010, Medklinn International Sdn Bhd, Oxion Pte Ltd, Medklinn Manufacturing Sdn Bhd and Medklinn International Pte Ltd are 100% owned subsidiaries of EIG Medklinn Sdn Bhd (EMSB) which in turn was a 50% owned subsidiary of the Company had ceased to be subsidiary companies.

The cessation arose from the restructuring of the Shareholders Agreement between the Company and Sassicaia Strategic Holdings Sdn Bhd (SSH) in respect of shares in EMSB has been completed with the transfer by EIG of 4,000,000 partly paid shares in EMSB to SSH's nominee for 2,000,000 fully paid share in EMSB from SSH which resulted in the group now holding 25% interest in EMSB.

A12. Changes in contingent liabilities

	31 Mar 2012 Limit (RM'000)	31 Mar 2012 Utilised (RM'000)
Guarantees given to financial institutions for facilities granted to subsidiaries	28,500	11,850
Guarantee given to landlord to secure tenancy payments by subsidiaries of EIG for salons (annual rental)	-	118
	28,500	11,968

A13. Capital commitments

	31 Mar 2012 RM'000
Property, plant and equipment	
Approved and contracted for	23,677
Approved but not contracted for	1,193
	24,870

A14. Related party transactions

There were no material related party transactions during the current financial period under review.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

For quarter ended 31/3/12

The Group reported revenue of RM31.2 million for the financial quarter ended 31 March 2012, in comparison to RM29.4 million for the previous year corresponding quarter, representing increase of RM1.8 million or 6.1%. The increase is mainly derived from the increase in Singapore's Corporate Salon sales following the increase in number of salons and general improvement in sales. However, this increase was partially offset by the decrease in Hong Kong's Corporate Salon sales. The revenue contribution from Product Distribution unit remained fairly stable for both quarter under review.

The Group reported profit before tax position of RM2.8 million as compared to RM9.4 million loss before tax for the corresponding quarter.

The losses recorded in previous year corresponding quarter was mainly due to the Group's strategic consolidation exercise that resulted in closure of Philippines and Medklinn's businesses, cessation of distribution of non-core and third parties brands, which resulted in significant inventory write-offs. In addition, there was a change in the revenue recognition of salon membership sales of which the total impact amounted to RM8.4 million.

The Product Distribution's losses for the current quarter has reduced as a result of the reduction in operating expenses following the closure of the ethical business unit. However, this improvement was partially offset by the losses incurred by Hong Kong during the business restructuring phase.

The increase in profit before tax for the current quarter was also due to interest income earned from the proceeds of Right Issue amounting to RM0.6 million.

The revenue from the regional and export businesses of the Group for the current period under review was 44% (2011: 41%).

For financial year ended 31/3/12

The Group recorded revenue of RM132.3 million for the financial year ended 31 March 2012, in comparison to RM141.1 million for the preceding financial year, representing a decrease of RM8.8 million or 6.2%.

The reduction in revenue is mainly due to the discontinuation of certain third party brands which was implemented in the second quarter of last financial year. In addition, Hong Kong reported overall reduction in revenue both from Product Distribution and Corporate Salon as the management is restructuring its business operations. Malaysia similarly reported lower sales in Corporate Salon operations as certain outlets were closed for refurbishment and relocation. Malaysia was also affected by a weaker retail sentiment while Product Distribution in Singapore is affected by the general slowdown in macroeconomic environment.

The Group has recovered to a profit before tax position of RM5.2 million from RM42.0 million loss before tax for the preceding year corresponding period.

The losses arising from previous financial year is mainly due to the group's strategic consolidation exercise that resulted in closure of Philippines and Medklinn's businesses, discontinued loss making multi-level marketing operation, cessation of distribution of non-core and third parties brands, resulting in huge inventory write-offs. In addition, there was a change in the revenue recognition of salon membership sales of which the total impact amounted to RM37.0 million.

B1. Review of performance

For financial year ended 31/3/12 (Continued)

Operationally, for the current year, the Product Distribution's losses has reduced significantly as a result of reduction in operating costs following the closure of the ethical business unit.

The Corporate Salon operations in Singapore reported an improvement in profitability from the increase in number of salon and general sales increase. However, this was partially offset by the weaker performance reported in Hong Kong arising from the business restructuring exercise as mentioned above. The net foreign exchange gain of RM0.8 million has also contributed to the Group profitability for the current financial year.

The revenue from the regional and export businesses of the Group for the current period under review was 45% (2011:44 %).

B2. Material changes in the quarterly results compared to the results of the preceding quarter

For the quarter ended 31 March 2012, the Group recorded profit before tax of RM2.8 million from revenue of RM31.2 million, as compared to profit before tax of RM2.1 million from revenue of RM36.5 million in the preceding quarter. The higher sales recorded in preceding quarter was mainly due to the seasonal peak sales. The increase in profit before tax is mainly due to higher interest income generated from right issue proceeds.

B3. Commentary on prospects

The wellness and beauty industry is expected to continue to experience moderate growth in year 2012 while remaining competitive.

The Group's main growth and earnings drivers, both locally and regionally, for the financial year are as follows:

a) continuous extension of professional distribution channel and expansion of the Consumer Care Product Division business in product distribution segment;
b) continue to increase the number of Corporate Salons regionally;
c) extensive brand building exercise through endorsement from celebrity and various marketing exercises; and
d) introduction of new line of wellness and products and services;

Barring adverse development in local and regional market conditions, the Board is adopting focused and prudent strategies to consolidate the existing business operations and resources and expand the geographic coverage of the Group to improve profitability.

B4. Profit forecast

The disclosure requirements for explanatory notes for the variance of actual profit after taxation and minority interest and forecast profit after taxation and minority interest are not applicable.

B5. Profit before Tax

Profit before tax is arrived at after charging/(crediting):	Current Year Quarter Ended 31 Mar 2012 RM'000	Current Year-to-date Ended 31 Mar 2012 RM'000
Depreciation and amortisation	1,877	6,564
Property, plant and equipment written off	2	66
Inventories written off	1,664	5,009
Bad debts written off	885	1,465
Interest expense	-	130
Impairment of assets	-	-
Interest income	(313)	(444)
Gain on disposal of property, plant and equipment	56	(87)
Gain on disposal of subsidiary	-	(159)
Net foreign exchange gain	(58)	(776)
Gain or loss on derivatives	-	-

B6. Taxation

Taxation comprises the following:

	Current Year Quarter Ended 31 Mar 2012 RM'000	Current Year-to-date Ended 31 Mar 2012 RM'000
Current tax		
Malaysian	931	3,209
Overseas	228	228
Deferred tax		
Malaysian	(444)	210
Overseas	(27)	35
	688	3,682

The Group's effective tax rate for the current financial year-to-date presented above are disproportionate to the Malaysian statutory tax rate principally due to group tax relief not being available to off-set Group profits against certain loss making Malaysian and regional subsidiaries for the period.

B7. Status of corporate proposal announced

(i) The status as at 22 May 2012 of the utilisation of proceeds arising from the Right Issue of 52,800,000 new ordinary shares of RM0.50 each at an issue price of RM0.50 per share, which was completed on 10th January 2012 is as follows:

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Timeframe for utilization of proceeds	Explanation
Capital expenditure	15,000	6,174	-	8,826	Within two (2) years	Note 1
Working capital	10,800	10,758	42	-	Within one (1) year	Note 2
Right Issue Expenses	600	642	(42)	-	Within one (1) month	Note 3, Note 4
Total	26,400	17,574	-	8,826		

Notes:

(1) The amount allocated for capital expenditure shall be utilised for the opening of new Corporate Salons and DCPs locally and/or overseas as well as potential acquisition of office space in countries such as Singapore and Hong Kong where our Group is currently operating at prices deemed appropriate by our Group.

As at 22 May 2012, a total of RM6.17 million were spent on the renovation of 3 new outlets, namely Paradigm Mall, SetiaAlam Mall and Dataran PalawanMelaka Megamall, refurbishment of aged salons and payment of first 20% of the purchase consideration, together with GST and stamping fees, in respect of the acquisition of new office units in Singapore.

(2) The amount allocated for working capital has been used to for payment to suppliers, payment of salaries and operating expenses and production of skin care products.

(3) The expenses relating to the Rights Issue comprise of, amongst others, the professional fees and fees payable to the relevant authorities, expenses to convene the EGM, printing, dispatch and advertising expenses as well as other miscellaneous cost.

(4) The deviation in the defraying of expenses in relation to the Rights Issue was mainly resulting from the underestimation of printing cost.

(5) The balance of unutilised proceeds has been placed in the short term money market deposit with an investment management company.

(ii) On 3 March 2012, EIG Global Pte. Ltd. (EIGPL), a wholly-owned subsidiary of the Group had entered into four (4) Option to Purchase agreements (OTP) with Paya Lebar Development Pte. Ltd., (the Developer) for the purpose of acquiring four units of office space with an aggregate of approximately 5,436 square feet of floor area at Paya Lebar Square in Paya Lebar, Singapore (the Properties) for a total consideration of S$9,399,180.00.

The properties are 99 years' leasehold commencing from 25 July 2011. The development of Paya Lebar Square is expected to commence in 2012 and the completion of the Properties is expected to be in the second half of 2014 but in any event, pursuant to the terms in the OTP, the completion shall be no later than 30 June 2016.

B7. Status of corporate proposal announced (Continued)

(ii) The above purchases are not expected to have a material impact on the consolidated earnings per share of the Group in financial year ending 31 March 2013 and consolidated net asset per share of the company for the financial year ending 31 March 2013. The gearing of the Group as at 31 March 2013 will increase to the amount of borrowings undertaken to finance the purchases.

It will be funded by a combination of internally generated cash and bank borrowings to be procured in Singapore, whereby it is currently intended that at least 50% will be funded through bank borrowings.

It is not subject to approval from any regulatory authorities. No valuation was carried out on the Properties as the purchase consideration for the Properties is based on the developers' selling price.

B8. Borrowings and debt securities

There were no borrowing and debt securities as at the reporting date.

B9. Changes in material litigation

There was no material litigation against the Group as at the reporting date.

EIG Pharma Asia Sdn Bhd, a wholly-owned subsidiary of EIG, has filed a complaint with the Third Judicial District Court, In and For Salt Lake County, State of Utah, United States of America, against San Rafael Chemical Services, a Utah Corporation, for negligently issuing a chemical analysis report in connection with the testing of a product sample. EIG is claiming for (i) a sum of USD232,050 paid to the product supplier in reliance of the said chemical analysis report issued by San Rafael Chemical Services; (ii) loss of business reputation, customer good will, and loss of current and future sales, (the amount of which shall be determined at trial); and (iii) such other and further relief as the court may deem appropriate. The matter is currently pending trial in court. The provision of above balance receivable has been made in view of its legal counsel has downgraded the probability of winning the case due to doubts as to San Rafael Chemical Services's adequacy of the insurance coverage.

B10. Disclosure of realised and unrealised profits or losses of the Group

	As at 31/3/2012 RM	As at 31/3/2011 RM
Total retained profit of the Company and its subsidiaries:		
- Realised	7,112	12,279
- Unrealised	2,144	31
	9,256	12,310
Total share of accumulated losses from associated companies:		
- Realised	(1,230)	(1,283)
- Unrealised	-	-
	(1,230)	(1,283)
Total group retained profits as per consolidated accounts	8,026	11,027

B11. Dividends

The Board of Directors do not recommends interim dividend for the current financial year to preserve the cash flow to fund future growth.

B12. Basic earnings/ (loss) per share (Basis EPS)

Basis EPS	Current Year Quarter Ended 31/03/2012	Current Year Quarter Ended 31/03/2011	Current Year To Date Ended 31/03/2012	Current Year To Date Ended 31/03/2011
Profit/(Loss) attributable to equity holders of the Company (RM'000)	2,071	(8,427)	1,751	(40,492)
Weighted average number of ordinary shares in issue ('000)	178,998	132,000	143,685	132,000
Basic EPS (Sen)	1.16	(6.38)	1.22	(30.68)

Diluted EPS	Current Year Quarter Ended 31/03/2012	Current Year Quarter Ended 31/03/2011	Current Year To Date Ended 31/03/2012	Current Year To Date Ended 31/03/2011
Profit/(Loss) attributable to equity holders of the Company (RM'000)	2,071	N/A	1,751	N/A
Weighted average number of ordinary shares in issue ('000) (note 1)	237,600	N/A	237,600	N/A
Diluted EPS (Sen)	0.87	N/A	0.74	N/A

Note 1: Assuming 52,800,000 warrants fully exercised and converted to ordinary shares.

B13. Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 May 2012.