

Part A: Explanatory Notes Pursuant to MFRS 134**A1. Basis of preparation and accounting policies**

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This condensed report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB). For the periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRSs).

This Condensed Report is the Group’s first MFRS compliant Condensed Report and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The MFRS are effective for the Group from 1 April 2012 and the date of transition to the MFRS framework for the purpose of the first MFRS compliant Condensed Report is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The adoption of the MFRS framework did not result in any substantial change to the Groups’ accounting policies nor any significant impact on its financial statements, as the accounting policies adopted by the Group under the previous FRS framework are consistent with those of the MFRS framework.

MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRS, Amendments to MFRS and IC Interpretation		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

A2. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2012 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

There were no issuances, repurchases and/or repayment of debts and equity instruments for the current quarter and financial year-to-date.

A7. Dividends paid

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

A8. Segmental information

	Current Year Quarter Ended 30 June 2012		Current Year To Date Ended 30 June 2012	
	Segment Revenue RM '000	Segment Results RM '000	Segment Revenue RM '000	Segment Results RM '000
Professional services and sales (Corporate Salon)	17,697	408	17,697	408
Product distribution	18,164	2,248	18,164	2,248
Others*	1,469	(130)	1,469	(130)
Total	37,330	2,526	37,330	2,526
Elimination	(5,334)	(52)	(5,334)	(52)
Consolidated	31,996	2,474	31,996	2,474

* Others mainly comprise of investment holding, investment in properties, education and training and information communication technology.

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 were no material events subsequent to the end of the current quarter and financial year-to-date.

A11. Changes in composition of the Group

There were no changes in the composition of the Group during the quarter and financial year-to-date.

A12. Changes in contingent liabilities

	30 June 2012 Limit (RM'000)	30 June 2012 Utilised (RM'000)
Guarantees given to financial institutions for facilities granted to subsidiaries	28,500	10,695
Guarantee given to landlord to secure tenancy payments by subsidiaries of EIG for salons (annual rental)	-	39
	<u>28,500</u>	<u>10,734</u>

A13. Capital commitments

	30 June 2012 RM'000
Property, plant and equipment	
Approved and contracted for	23,452
Approved but not contracted for	20
	<u>23,472</u>

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 and financial year-to-date ended 30/6/12

The Group reported revenue of RM32.0 million for the financial quarter ended 30 June 2012, in comparison to RM32.5 million for the prior corresponding quarter, representing a marginal decrease of RM0.5 million or 1.5%. This decrease was mainly due to the deconsolidation of EIG Medklinn Sdn Bhd, lower export sales for the Product Distribution segment to Vietnam and the Group's business restructuring in Hong Kong. However, this was partially offset by an increase in Corporate Salon sales in Malaysia and Singapore.

The Group reported a profit before tax of RM2.7 million for the current quarter under review as compared to a loss before tax of RM2.2 million for the prior corresponding quarter, whereby the Group had recorded significant inventory write-offs of RM1.7 million for discontinued loss-making home and third party brands, as well as an increase in provisions for doubtful debts of RM0.5 million. In addition, the operating results for the Product Distribution and Corporate Salon segments for the current quarter under review also increased as a result of lower operating and overhead expenses.

The increase in profit before tax for the current quarter was also partly due to an unrealised foreign exchange gain of RM1.1 million.

The revenue contributed from the regional and export business of the Group for the current period under review was 43%

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

For the quarter ended 30 June 2012, the Group recorded profit before tax of RM2.7 million from revenue for RM32.0 million, as compared to profit before tax of RM2.8 million from revenue of RM31.2 million in the preceding quarter. The lower sales recorded in the preceding quarter was mainly due to the seasonal impact of the Chinese New Year period, while the decrease in profit before tax for the current quarter under review was minimal.

B3. Commentary on prospects

The wellness and beauty industry is expected to continue to experience moderate growth for financial year ended 31 March 2013 with growth in consumer spending expected to remain modest as a result of the current global macro-economic uncertainty.

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;
- b) increase in the number of Corporate Salons regionally;
- c) extensive brand building exercise through endorsement from celebrity and various marketing exercises; and
- d) introduction of new lines 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

	Current Year Quarter Ended 30 June 2012 RM'000	Current Year- to-date Ended 30 June 2012 RM'000
Profit before tax is arrived at after charging/(crediting):		
Depreciation and amortization	1,663	1,663
Inventories written off	270	270
Bad debts written off	124	124
Interest income	(285)	(285)
Gain on disposal of property, plant and equipment	(112)	(112)
Loss on disposal of investment property	8	8
Net foreign exchange gain	(1,129)	(1,129)
Gain or loss on derivatives	-	-

B6. Taxation

Taxation comprises the following:

	Current Year Quarter Ended 30 June 2012 RM'000	Current Year-to-date Ended 30 June 2012 RM'000
<u>Current tax</u>		
Malaysian	1,140	1,140
Overseas	-	-
<u>Deferred tax</u>		
Malaysian	(200)	(200)
Overseas	12	12
	952	952

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 27 August 2012 of the utilisation of proceeds arising from the Rights 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 27 August 2012, a total of RM6.17 million has been utilised for the renovation of 3 new outlets, namely Paradigm Mall, SetiaAlam Mall and Dataran PalawanMelaka Megamall, refurbishment of aged salons, as well as the payment of the 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.

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.

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

	As at 30/6/2012 RM	As at 31/3/2012 RM
Total retained profit of the Company and its subsidiaries:		
- Realised	9,349	7,142
- Unrealised	1,714	2,114
	11,063	9,256
Total share of accumulated losses from associated companies:		
- Realised	(1,269)	(1,230)
- Unrealised	-	-
	(1,269)	(1,230)
Total group retained profits as per consolidated accounts	9,794	8,026

B11. Dividends

The Board of Directors does not recommend an interim dividend for the current financial year to preserve the Group's cash resources to fund future growth.

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

Basis EPS	Current Year Quarter Ended		Current Year To Date Ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
Profit/(Loss) attributable to equity holders of the Company (RM'000)	1,768	(2,811)	1,768	(2,811)
Weighted average number of ordinary shares in issue ('000)	184,800	132,000	156,813	132,000
Basic EPS (Sen)	0.96	(2.13)	1.13	(2.13)

The diluted earnings per ordinary share is not presented as there is no dilutive effect noted during the year. The issue of warrants does not have a dilutive effect to the earnings per ordinary share as the average market price of ordinary shares as at the end of the reporting period was below the exercise price of the warrants.

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 27 August 2012.